monwealth Silv

Summit offer to Moscow renewed

World news

The White House yesterday re-newed President Ronald Reagen's invitation to Mr Mikhail Gorbasummit meeting in the US this

Mr Larry Speakes, the White House spokesman, said there had been "no direct suggestions from the Soviets that indicate a desire to follow up on their commitment for a summit in the United States in

"The President believes addition al meetings can build on the major progress already achieved . . the President's invitation for a US summit remains open." Page 16;

Afghan peace bid

The Soviet Union stepped up efforts to end the war in Afghanistan by sending Eduard Shevardnadze, For-eign Minister, and Anatoly Dobryn-in, International Affairs Secretary, to the capital Kabul for talks.

Chad raid reply

France planned no immediate retallation against the Libyan bombing raid in southern Chad on Sunday in an effort to prevent a further intensification of the conflict. Page 3

US crash kills 14

The death toll in the 100 mph collision between a passenger train near Baltimore and two freight engines reached 14 with 177 injured.

Beirut manager heid

Four gunmen kidnapped the Lebenese Christian director of a big en-gineering consultancy in Moslem-controlled west Beirut, police said.

Kohl under attack

rformance

West German Chancelor Helmut Kohi's allegation that East Germany was holding 2,000 of its countrymen as political prisoners in con-centration cames draw domestic charges that he was comparing East Germans with Nazis. Page 2

Soviet satellite offer

Soviet Prime Minister Nikolai Page 27 Ryzhkov said Moscow was pre-pared to launch satellites for Third World countries on preferential terms as part of a drive to enter the

Italian wage deal

Visits suspended

France has suspended official visits to Australia in protest against Canberra's unfriendly attitudes to French policy in the South Pacific.

Spanish air strike

More than 5,000 passengers were stranded during a 24-hour work stoppage by ground staff of Spain's state domestic airline, which cancelled three-quarters of its flights.

Sri Lankan 'siege'

The Sri Lankan Government was trying to create a Biafra-like siege in the Jaffna peninsula by stopping fuel supplies there, Major Kittu, regional commander of the Tamil Liberation Tigers, said. Page 3

1988 Olympics fear

South Korean officials said they would try to improve relations with China, the Soviet Union and Eastern bloc countries to avoid a communist-led boycott of the 1988 Seoul

Bird of ill omen

An Argentine man told police he received a death threat by way of a carrier pigeon that had been stolen from his home. Jose Iglesias, 34, said the pigeon came flying home with message in its feet reading "Buddy, I'm going to kill you at any moment. Behave yourself."

Wall St stocks to peaks

Business summary

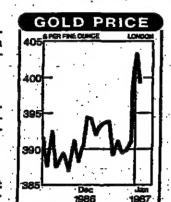
WALL STREET share prices surged to record levels as investors contin-ued to return to the market after heavy tax-related selling at the end of the old year. The Dow Jones industrial average closed at 1,971.32 with the rise of 44.01 points also breaking the record for the largest points gain in a day. Page 34

CAMPRAU, Canadian property developer, is to sell assets in US department stores group Allied Stores, less than a week after it paid at least \$3.4bn for the group in a takeover battle. Page 17

LONDON securities markets had an uncertain start, with gilts giving up some of last week's gains and equities failing to follow Wall Street's rise. The FT Ordinary index added 2.6 to 1,322.80 while the FT-SE 100 index showed a loss of 1.1 to 1,680.0. Long-dated bonds ended about 1% lower in thin trading. Page 34

TOKYO: Share prices opened lower but rallied to close higher and the Nikkei average rose 119.25 to 18,820.55. Page 34

GOLD tell \$4.00 to \$399.25 on the London bullion market. It rose in Zurich to \$398.70 (\$390.25). Page 28



DOLLAR rose in London to Div 1.9305 (DM 1.9175); to SFr 1.6285 (SFr 1,6090); to Y159.45 (Y158.20); and to FFr 6.3950 (FFr 6.35): On lar's index rose to 108.2 from 107.7.

STERLING in New York closed at \$1.4775. It fell in London to \$1.4725 (\$1,4735); it also declined to DM 2.8425 (DM 2.8575); to FFr 9.42 (FFr 9.4650); and to Y234.75 (Y235.75); but was unchanged at SFr 2.3975. The pound's exchange rate index fell 0.7 to 68.8. Page 27

The Italian Government signed a ROCKWELL, leading US manufac-three-year wage deal for civil ser-vants which will yield rises well ics, space systems and rocket en-ahead of expected inflation. Page 2 vertible common shares carrying 10 votes each in a defensive tactic, though the board says it is unaware of any proposals involving control of the corporation. Page 17

> JOHN FAIRPAX group's intervention in the Australian takeover battie for the Herald and Weekly Times media giant helped drive the Australian stock exchange's All-Or-dinaries index up 16.2 points to close at 1,503.1, while increasing pressure on Mr Rupert Murdoch to improve his bid for the media group. Details, Page 17; Market Be-

> SIEMENS, West German electrical and electronics group, is stepping up its assault on the US telecommunications market with a \$165m deal to take control of the main operagroup Telecom Pins International. Page 17

SALOMON BROTHERS topped the list of the most active underwriters in the US corporate debt market for the fourth consecutive year with an estimated \$44.33bn of general and convertible securities. Page 17

COCKERILL-SAMBRE, Belgian state-controlled steel group, faces a possible revision of a BFr 27bn (\$800m) loan, Belgium's Finance Ministry said. Negotiations be-tween major banks involved and the Government are expected to be completed by the middle of next

US budget proposals set stage for bruising political battle

Reagan warns on need for sharp cut in deficit

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

MAIN POINTS

terday sent to Congress the first Sitrillion (million million) federal budget in US history saying that unless the huge \$220.7bn 1986 bud-• Defence: a 3 per cent rise in real terms to \$312bn; get deficit was "brought under con-irol by limiting spending we put in jeopardy all we have achieved."

Congressional Democrats are O Privatisation: at least \$5bn to be raised from the sales of assets including Amtrak passenger train service, oil fields and radio preparing to launch a political offensive against, Mr Reagan's fiscal policies since he took office. How-

Farm aid: cuts in direct payments and price support loans aimed at saving \$24hn between 1988 and 1992;

mated to be about \$48bn less than in 1986 and should decline to less \$108bm target mandated by Congress under the Gramm-Budman-Hollings budget process reform law. By meeting this target, and by doing so without resorting to a prothan 4 per cent of gross national In the fiscal year 1988 budget which Mr Reagan released yester-day he proposed that federal gov-ernment spending should rise from posal to increase corporate or per-sonal taxes, the Administration an estimated \$989.8bn this year to

> duce federal spending.
>
> Mr. Reagan's budget sets the stage for a bruising political battle on Capitol Hill as Republicans and Democrats manoeuvre for political

sure on the newly Democrat-

Some of the political themes run-

are familiar. Alongside Mr Reagan's rejection of increased taxes there is a call for an end to recent

ding phasing out of legal aid

Health and welfare: savings of

Medicaid spending and veterans' entitlements and increases in

• Foreign aid: \$1bn increase in aid to allies, including \$100m for

the Nicaraguan Contra rebels.

ledicare pres

posed increase of 3 per cent in real terms in defence spending authority to \$312bn is the smallest he has called for since taking office, a re-sponse to the political realities now that the Democrats control Capitol Hill and public support for defence spending has weal

Within the defence budget Mr Resgan is asking Congress to restore cuts made in funding the strategic defence initiative and to increase budget authority to \$5.2bn

The President is also urging Congress to reverse this year's "damag-ing cuts" in the US foreign aid pro-gremme partly so that the US can reduce large arrears in US pay-ments to multilateral development banks" including the World Bank. In spite of the controversy over arms sales to Iran and funding for the Contra rebels in Nicaragna, he also asks for \$105m of financial support for the rebels.

A new theme Mr Reagan is adopting is the importance of new initiatives aimed at improving the ternational competitiveness of

This surfaces partly in the con text of proposed increases in gov-ernment funding for various gov-

sharp increase in spending on re-search into the Acquired Immune Deficiency Syndrome (Aids) illness In response to political pressure significant increases in spending are also proposed for aviation safe ty and for job training for unam

Continued on Page 16 Details; Reagan undergoes

Chirac braced for intensified strike action

night was bracing itself to fend off challenge to its anti-inflationary policy stemming from the public planned for today.

At the same time, Mr Jacques Chirac, the Prime Minister, delivered an implicit warning to Presi-dent François Mitterrand not to exceed his powers as laid down by the constitution. Mr Mitterrand last week received a delegation of striking railworkers - a move which was taken by the Government as lending support to the strike. Severe disruption is expected on

the Paris Metro (underground rail-way) today after three of the major unions walked out of fresh negotiations with the management over pay and conditions. But the French railways (SNCF) claimed a continuing return to work among striking train drivers, with 30 per cent back at work compared with 10 per cent last Wednesday.

The Paris urban transit system (RATP) declined to improve on its pay offer of a 2.9 per cent increase this year. The management's refus-al to yield more reflects the tough line on public sector salaries being taken by Mr Chirac, who has lim-

The Communist-led CGT union has called for strikes or demonstrations throughout the public sector today - including the electricity and gas industry, the docks and the naval shipyards. Mr Chirac's hope is that if he can ride out this challenge his Government will emerge streng-

thened from the test.

The Prime Minister has called all morning to discuss the strike. He is due to broadcast to the nation this

Some of Mr Chirac's supporters are pressing for a wider attack against the President who, they argue, is acting more like the leader of the Socialist party than a head of

The SNCF claimed that 40 per cent of mainline services were op-erating normally yesterday on the 19th day of the train strike. High-speed (TGV) trains were running 85 per cent normally, it said. The con-

due in part to riot police preventing drivers blocking rail traffic.
Reflecting this improved outlook pressure on the franc eased marginally yesterday, belping the French currency to rise from its record low of FFr 3.3120 last Friday, to FFr 3.3075 at yesterday's fixing. Background, Page 2

Challenge for Democratic Party

BY OUR US EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan yea

ever, the President insisted that the

deficit outlook was already taking a

He said: "The 1987 deficit is esti-

which would hit in particular farm-

ers, the aged and the poor who ben-efit from federal medical services -

and measures to raise new reve-

mues, the White House projects that the federal budget deficit will be cut to \$167.8bn in the President's last

\$1.015.6bm.

cit in fiscal year 1988. Moreover it does so in ways

per cent in 1988 are not far out of charges that they do not take the line with what many private economists are expecting. There are, however, widespread fears that continued US dependence on foreign presidency, the Democratic Party \$108bn target for 1988 set by the

PRESIDENT Ronald Reagan yes- capital for this growth means that has enjoyed the luxury of being Gramm-Rudman-Hollings

the Bouse of Representatives to ing request, a real rise of 3 per cent the White House and the Republi-demonstrate its ability to govern in budget authority, does not prethe country.

Sent congressional Democrats with the easy political target which the meets the ambitious \$108hm target White House has provided in past for reducing the federal budget defiyears with its blosted military Many

which, while not free of the ac-counting gimmickry which has newly installed chairman of the come to characterise US budgeting. Armed Services Committee, may are not so unrealistic that the not want to see a third successive Democratic leaders can pour scorn year of declining defence authorisa- up and complain. It is important for on the President's plan and ignore tions. Were the Democrats to turn again to the Pentagon in search of The economic assumptions, promajor spending cuts they would be jecting real growth year on year of vulnerable in the presidential election year of 1988, to Republican

terday presented the Democratic the risks are increasing of an able to take something of a back Party with a major challenge to its abrupt and painful end to the long declared objective of proving over the next two years that it can use the control of both the Senate and the control of cens. Now that the Democrats have added control of the Senate to their control of the House they are being forced to take the initiative in pre-senting an alternative to the Presi-

dent's plan. "The spotlight is going to move," says Mr William Gray, Democrat chairman of the House Budget enough for the Democrats to stand us to come up with solutions. We now have the challenge of govern-

In his budget, Mr Reagan makes clear that the options the Demo-erats face are not attractive. The Federal budget deficit in 1987 will be \$173.2bc, some \$65bn above the

reform law which called for annual nating the deficit in 1991.

tions will tend to reduce the 1986 deficit to around \$150bn if no action jects the fall in interest rates will stabilise the Federal Government's interest bill at around \$140bn over the next four years.

\$108bn target partly by launching an attack on major legally established spending programmes in-chaling farm subsidies, medical and cut spending by \$18.7bn in 1988 and \$49hn in 1991.

On the other side of the balance sheet, privatisation proposals in-cluding the sale of the Governmentowned Amirak railway system and increased user fees, including fees

Peking Daily becomes focus of protests

BY ROBERT THOMSON IN PEKING

THE Peking Daily, the voice of the and other Communist Party newspapers and magazines on a bonfire Students standing around the fuelled by grain alcohol and encou-flames, which warmed them in the

In a generally good-humoured protest, Peking University students auggested that the paper "go to are not socialists, and said the press student democracy movement, which has been presented to the Chinese public as a childish group naively inspired by either Taiwa-nese-backed spies or petty crimi-

Copies of the People's Daily, the main Communist Party organ, and Red Flag, the party's theoretical journal, were also set alight, but the students' main target was the Pek-ing Daily, which has been the "tongue of the leftists," according to

"Leftists" in China are blamed for city's government, went up in a co-humn of smoke today, as several hundred Chinese students threw it sometimes said to be run by "rightists."

raged by chants of burn, burn, sub-zero cold, were angry about the media presenting them as being op-posed to the Chinese leader, Deng Xiaoping, denied claims that they them and the Chinese people.

Dinkomats suggest that the tough tone of the Paking Daily could reflect a split between the central and city governments over the handling of the student protests or show that conservative Communist Party officials have a stronger grip on the pa-

Peking authorities were apparently infuriated when students detained at a demonstration last week

FT/UT/001

Bundesbank steps in to support dollar

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN LONDON

erday as it threatened to resume last week's slide against other ma-

jor currencies.

The central bank's move was seen as a signal that West Germany is seeking stability on foreign ex-change markets before its general election later this month. The dollar's weakness has caused severe strains in the European Monetary

European monetary officials anticipate a realignment of EMS currencies after the West German elec-tion involving, perhaps a revalua-tion of the D-Mark and devalua-tions of currencies such as the French franc, lire and Danish

There are also suggestions that once the elections are over West Germany may respond to US overtures for an agreement to bolster international economic co-opera-tion. That could involve the US agreeing to at least a pause in the down from 69.5 on Friday while dollar's decline in return for a West against the dollar the pound lost

THE West German Bundesbank in- German commitment to maintain ervened to support the dollar yes- the momentum of growth in its

elected, some European officials be-lieve that the unveiling of its tax strategy for the next few years might provide an anchor for such Mr Karl Otto Pohl, the Bundes-

bank president, has indicated that while he is concerned to arrest the System (EMS) which have been ex-acerbated by industrial unrest in an early out in West Germany's discount rate. Yesterday's dollar purchases by the West German central bank were relatively small. In recent

days, however, officials from some other central banks have hinted at a more co-ordinated approach if the The dollar closed in London at DM 1.9305, up from DM 1.9175 on Friday. Sterling lost ground against

both the dollar and against conti-

nental European currencies.
The sterling index closed at 68.8 down from 69.5 on Friday while

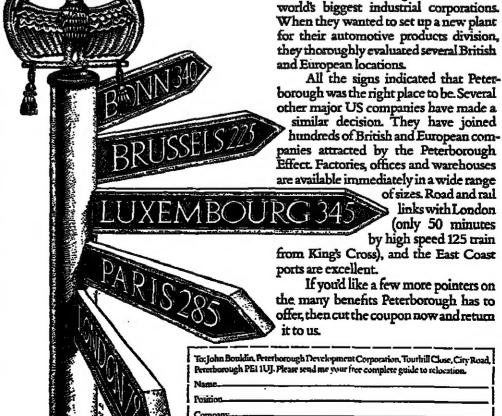
STERLING DOLLAR

1.75 cents to end in London at \$1.4730. A weekend opinion poll showing a reduced Conservative lead over the opposition Labour Party contributed to the pound's

that Britain's foreign excha serves rose by an underlying \$96m in December to stand at \$21.9bn. Although the reserves were affected by a whole range of official transac tions, it is thought that the main boost came from dollar purchases by the Bank of England.

The Bank has taken advantage of recent periods of sterling strength to replenish the reserves after be ing forced to spend around 51bm to defend the currency in the late summer and early autumn,

Continued on Page 16 Continued on Page 16 WHEN UNITED DLOGIES WANTED A NEW EUROPEAN BASE. **PETER BOROUGH** WON BY MILES United Technologies is one of the



America 4 Companies 17

Management:

France: train drivers stand Editorial comment: South Quebec: language tensions Soviet Union: local issues ease after court ruling ... 4 stir riot 14 Cuba: British business finds Computers: City of London tempting prospects 4 moves beyond the crisis . 15 Siemens' Lex: Mercantile House; First boost for venture capital . 10 National Finance; Drexel 16

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Technology: greater security Soviet Union: filling the gap for banks and prisons . . 12 in the Middle East 16

French rail drivers stand firm for their rights

IN THE drivers' depot at the Gare du Nord in Paris yesterday there was no doubt that the 19-day train strike was now heading towards a climax. "We've reached the turning point," said Jean-Claude, 42, a striking driver on the northern suburban network of Paris. "We will either win through or the strike will collapse. It won't go beyond this week." Only four of the 240 drivers at the depot had reported for

at the depot had reported for work yesterday—showing that the strike is still massively supported in one of Paris's mainline stations. Outside riot police patrolled the tracks to allow managerial staff to operate a limited service.

For the first time since the strike began, the riot police yesterday were carrying helmets and truncheons—as if to reinforce the Government's determination to get the railto reinforce the Government's determination to get the railways working now that the holiday period is over. The riot police also chased the drivers from the track—thus abandoning the cautionary methods they adopted at the beginning of the srike to free blocked lines.

Jean-Claude (he declines to give his surname) has been working on the French railways (SNCF) for 20 years, 10 of those as a driver. He is not a union member, having left the Communist CGT after two years in 1968 because he found it too

He says the strike has cost him so far FFr 5,000-6,000 (£528-634) in lost pay, or close to three-quarters of his monthly wages, and is beginning to wages, and is beginning to jeopardise his credit payments and summer holiday plans. But he elaims that his wife and two children (aged 17 and 19) still support him. "They have com-plete confidence in me," be

most be seen to be giving ground 1968 was the longest in recent the next 10 years.

1968 was the longest in recent the next 10 years.

1968 was the longest in recent the next 10 years.

Their fears were aroused in Drivers taked among themselves and contacted their colleagues confrontation.



Striking ratiway workers form a chain to block trains in Marseille

French unions have been no exception to the European picture of declining strength during a period of recession and rising unemployment, writes David Housego.

Their weakness has been shown during the present strike in which the pace has been set by the rank and file rather than the traditional leadership.

It is largely in the hope of regaining the initiative that the Communist-led Confederation Generale du Travail (CGT) has launched its call to breaden the conflict across the public sector. The CGT's membership has slipped from an estimated 2.5m in 1975 to about 1.1m.

The Communists action is embarrasting

for the other unions which do not wish to see the strike turned into a political confilet. The pro-Socialist Confederation Française Democratique du Travall (CFDT) with a membership of 687,000 and which has also supported the rail drivers, has pleaded with the Government to reopen negotiations. The CFDT has lost ground in recent years because of its associations with the Socialists at a time

The centrist Force Ouvriere union (with an estimated 1.1m members) is the only union to estimates: 1.1m memorrs) is the only union to have increased its strength in recent years because of its apolitical character and its focus on traditional union claims. It is the major public employee union but has stayed out of the rail conflict.

support him. "They have complete confidence in me," he says.

He never imagined that the conflict would last so long. "We thought it would be over quickly," he says, "with the management backing down over the new merit-related pay structure and some concession over working conditions."

He blames the deadlock on the political difficulties of Mr Jacques Chirac, the Prime Minister, who feels that he cannot be seen to be giving ground says the three-week drivers' strike in recent the next 10 years.

Hard line, "like Mrs Thatcher."

In the crowded drivers' room ing to "sabotage" the present the present the prosent ing to "sabotage" the present the present ing to "sabotage" the present the strike.

Behind the drivers' militancy is a growing fear that Mr Chirac's Government is bent on clawing back some of the advantages the drivers have won over the years and on reducing out the definition of "merit" they cover the years and on reducing the definition of "merit" they cover the years and on reducing the definition of "merit" they cover the years and on reducing the definition of "merit" they cover the years and on reducing the definition of "merit" they cover the years and on reducing the definition of "merit" they cover the years and on reducing the definition of "merit" they cover the years and on reducing the definition of "merit" they cover the years and on reducing the definition of "merit" they cover the years and on reducing the definition of "merit" they cover the years and on reducing the definition of "merit" they cover the years and on reducing the definition of "merit" they cover the years and on reducing the definition of "merit" they cover the years and on reducing the definition of "merit" they cover the years and on reducing the definition of "merit" they cover the years and on reducing the definition of "merit" they cover the years and on reducing the definition of "merit they

in other depois. In November a petition over the new structure and working conditions was signed by 75 per cent of drivers. The drivers wanted their official working day to end earlier and more Sundays off.
Strike action began to be

planned on a non-union basis. Jean-Claude says that union-backed claims "never achieve backed claims "never achieve anything" because the unions negotiate across the board for all employees with the SNCF management. The drivers had their own particular demands. On top of that "we are a power within the railways. If the drivers stop work, the trains don't go. That's it," he says. He maintains that the CGT was against the strike the drivers finally launched on December 18, warning them that it was inopportune before the holidays

the holidays
They eventually got the
official backing of the proSocialist CFDT union—unions
are required by French law to
serve advanced notice of a

Jean-Claude maintains that

pay issues were not part of the drivers' grievances. He is uncer-tain himself of the details of tain himself of the details of the 3.08 per cent pay award that the SNCF announced at the end of December — and which, reflected across the public sector, is one of the points at the centre of the CGT's strike action today. But the drivers' resentment has undoubtedly been fuelled by recent reductions in the numerous bonuses that account for about a third of their pay
— and which are at the root
of widespread charges that
they are a privileged minority.
Jean-Claude, for instance, calculates that he received FFr 9,500 in November 1986 as opposed to PFr 10,400 in November 1983. In addition, he

looks like this week's decisive

has had to pay higher social security contributions. On the noticeboard in the depot in the Gare du Nord is a poster which spells out the drivers' motto in the strike "firm, hard, calm." The Gare du Nord has been tougher than most other depots with fewer trains operating from it yester-day than any other Paris station. It remains to be seen whether they are tough enough to win through what

staging grant payments ac-cording to performance, re-the old "clawback" system of seeking refunds from failed projects.

Foreign investment booms in **Ireland**

By Hugh Carnegy in Dublin

Ireland's Industrial Development Authority attracted about 100 new foreign invest-ment projects in 1986 which will lead to 15,700 new jobs, a 20 per cent improvement on

Mr Padraic White, mans ing director of the IDA, said yesterday that last year had proved one of the best since 1981 for the authority despite the background of a depressed the background of a depressed domestic economy and increased competition for inward investment from other European countries. The IDA negotiated more than 1£550m (£522m) in planned new investment over the countries over

the year, mere than a third to be contributed by the authority itself, up from 16417m in 1985.

authority liself, up from 16417m in 1985.

Major newcomers included the first Triwanese company to invest in Ireland — the consumer electronics manufacturer Tatung — and the first from South Korea.

Sachan Media Corporation, the world's largest manufacturer of video-cassettes, is to build a 1660m videotape operation in Sige, north-west Ireland, said by the IDA to be the biggest Kerean investment in Europe.

This year the authority, which has traditionally relied on the US for the bulk of inward investment, is to step up its efforts to attract investment from the Far East,

ment from the Far East, establishing an office in Scoul and sending six extra staff to

Tokyo.

It is looking to attract 35
Japanese companies to Ireland
ever a four year period, in
particular in the automotive

particular in the automotive and acrespace components industry, pharmaceuticals and computer software.

On the home front, there as an encouraging 1542m new investment in small businesses in 1986, including 450 start-ups where development of international services such as computer software was especially strong.

Investment in mature demestic industry of ISI10m was disappointing, the IDA said, leading to fewer new jobs than in the small business sector.

In one policy change affecting major grant-aided projects, Hr White said the IDA was introducing a system of staging grant payments according to the IDA staging grant payment

Bulgarian reform Bulgaria has inunched

Soviet style referm of its economy which the Prime Minister, Mr Georgi Atamasov, said would lead to a "radical" sand would lead to a Transactive economic restructuring and a wide degree of company self-management, writes Leslie Colitt in Berlin.

So far, state subsidies have grown under this Government, despite its carnest promises at the start to cut them. If, as

Soviet leaders step up efforts to end war in Afghanistan

BY PATRICK COCKBURN IN MOSCOW

THE Soviet Union yesterday

of the Arghan Government's unilateral ceasefire.

The visit by the two most senior Soviet foreign policy makers so soon after Mr Najibullah, the Afghan Communist Party leader, had announced a six moninceases. fire from January 15 indicates that Moscow is mounting a major diplomatic effort to break the deadlock in Afghanistan.
Tass, the Soviet news agency,
said that Mr Shevardnadze and

Mr Dobrynin met Mr Najibullah for talks at Kabul airport but gave no details.

The Afghan Government, which is backed by about 115,000 Soviet troops in its geven-year war with anticommunist guerrillas, announced on January 1 that it was declaring a ceasefire for six months from January 15.

Of Soviet intent.

The guerrillas have rejected a ceasefire until Soviet troops withdraw and have also refused to recognise the Kabul Government.

Talks sponsored by the UN about the Afghanistan problem are to start in Geneva on February 11 and the Kabul offer will increase pressure on Pakistan.

Mr Najibullah appealed for stepped up attempts for a breakthrough in ending the Afghanistan war by sending Mr Eduard Shevardnadze, the Foreign Minister, and Mr Anatoly Dobrynin, the Communist Party secretary for international affairs to Kabul for talks just before the start of the Afghan Government's unilsteral ceasefire.

Mr Najibullah appealed for national reconciliation saying the did not exclude "the leaders of armed formations operating abroad." He offered rebels a role in the Government, an amnesty and elections. He said Islam was the official religion of Afghanistan but it is not clear that the Afghan Communist Party is prepared to share real power.

Share real power.

Since Mr Mikhall Gorbachev became Soviet leader, Moscow has emphasised that it wants to withdraw its troops but has always insised that "outside interference," by which it means the property for artifications of the control of support for anti-government guerrillas by Pakistan, Iran and the US must stop first. Some 8,000 Soviet troops were withdrawn in October as a symbol of Soviet intent.

Italian civil servants win pay rises above inflation

BY JOHN WYLES IN ROME

last night was due to sign a power and no more, pace-setting three year wage. The first two ins deal for civil service workers which will yield pay rises sub-stantially ahead of expected inflation.

The agreement is being bailed by the unions as a significant victory for their negotiating tactics which had culminated in a one-day strike culminated in a one-day strike threat throughout the public sector on January 9. They have now withdrawn this in the expectation that similar terms will be conceded to local authority and health service workers.

They have the scala mobile wage indexation system.

But the basic rate increase in respect of 1986 is being paid from this month without backdating—obviously at some authority and health service workers.

Since the Government chose to reach the deal on new year's eve, the suspicion is that mini-sters are hoping not to attract too much attention among a public which generally regards civil servants as underemployed and scandalously inefficient. By January I, 1988, monthly wages will have been raised by an average of L114,400 (£58) pay-able in three instalments.

compares with an everage the a month and a zerour reduc-tion in the working year.

The average civil service pay for this year of 4 per cent and slightly lower in 1988. At the start of the pay round, the new contract of 30-60 per cent Government said it intended to for the highest grades.

THE ITALIAN Government maintain workers' purchasing The first two instalments of the pay rise, covering 65 per cent of the total, will be in this month's pay packets. This is because the previous contract was due for renewal from last January but negotiations never

took place because of con-tinuing wrangling between

Government and unions over

Since most Italians do not return to work from the Christmas holidays until Wednesday, it was impossible yesterday to gauge the possible impact of the pay deal on the still-unresolved private sector negotiations.

Two of the most important

January I, 1988, monthly wages will have been raised by an average of L114,400 (£58) payable in three instalments.

The increases for the two most populous pay grades work out at around 7.5 per cent for 1987 and 1986, 8 per cent from 1988. This 7.5 per cent from 1988. This average rises of around L100,000

Terrorist attacks decline to lowest level for years

BY OUR ROME CORRESPONDENT

effective modern methods lives. Now, however, Italians against terrorist organisations.

The authorities recorded 30 are starting to believe that terrorist attacks last year, one of which claimed the life of a former mayor of Florence.

Responsibility was claimed by the Red Brigades, scourge of Italian society in the 1970s.

They were nearly recording to the repeated threats of violence against Italian targets being issued by various

ITALY SUFFERED fewer terrorist attacks last year than in any of the past 17 years, and they cost only one life, according to the Interior Ministry's annual report.

The steady decline is undoubtedly adding to Italy's sense of well-being. The report partly attributes the success to the country's ability to deploy effective modern methods against terrorist organisations.

The authorities recorded 30 terrorist attacks last year, one of which claimed the life of talian society in the 1970s. gets being issued by various They were partly responsible Lebanese groups,

Moscow visit for British **Foreign Office minister**

MR TIM RENTON, junior minister at the British Foreign Office, will pay an official visit to the Soviet Union from January 13 to 18 for talks on East-West relations, arms control and Afghanistan, as well as a number of bilateral problems.

Mr Benton's initiation of the general definition of the period of five years and is not

Mr Renton's visit, the first by a British minister to the Soviet Union since July 1985, is seen by officials as part of the preparations for the planned official visit to Moscow by Mrs Margaret Thatcher, the Prime Minister, at the end of March. Minister, at the end of March.

Mr Renton, who will be the guest of Mr. Anatoly Kovaley Soviet Deputy Foreign Minister, is expected to focus on prospects for both nuclear and conventional arms control in the aftermath of last October's abortive Reykjavik summit between President Reagan of the US and Mr Mikhail Gorbachev, the Soviet leader.

Britain has led Washington.

Britain has led Washington's European allies in persuading the US to refine its post-Reykjavik nuclear arms negotiating stance to take account

of European interests.

The official stance of the Nato allies, adopted at a meeting of the alliance's foreign ministers in Brussels last month, is still

However, the West has place it clear that it will accept only a 50 per cent reduction of strategic nuclear missiles over a period of five years and is not prepared, for the moment, to negotiate a total abolition of these weapons over 10 years, as these weapons over 10 years, as Moscow has proposed.

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Sweden to increase aid by 11%

THE SWEDISH Government

plans to increase its foreign aid budget by 11 per cent in 1987-1988, with larger increases ear-National Congress. The budget proposals come in

the wake of criticism from Mr Bengt Westerberg, leader of the Liberal Party, over the con-tinuing reluctance of the Prime Minister, Mr Ingvar Carisson, to impose a trade boycott against South Africa.

The Government plans to give a total of SKr 9.8bn (£980m) in foreign aid in the year to June 30 1988, an increase of 11 per cent on the 1986-87 budget of SKr 8.8bn.

of SKr 8.8bn.

The aid budget amounts to 1 per cent of Sweden's GNP. About SKr 5bn is proposed as direct aid to developing countries, the ANC and Southern African front line states, with Tanzania, India, Vietnam and Mozambique as the chief heneficiaries, receiving SKr 300m-SKr 500m each.

The Southern African Development Co-ordination Conference (SADCC), representing the front line states, will receive SKr 250m, compared with

SKr 250m, compared with SKr 200m in 1986-87,
The ANC stands to receive SKr 57m, compared with SKr 45m in 1986-87.

Swiss bank

Makes currency

Inoldings loss

By John Wicks in Zurich

THE DECLINE in the dollar over the past year has left the Swiss National Bank with a pook loss on its foreign-currency holdings of SFr 2.103 in December 1983.

SFr 2.103 in December 1983 to SFr 2.108 last month.

Valuations adjustments to the heavier tax burden US

SFr 2.108 in December 1983 to the saving way. West Germans, in Rowever, the pressure of SFr 2.108 in December 1983 to gave you will be hard because the fundation of outstanding of serior of the same currency holdings.

At SFr 38.285m, these were the saving way will be funded to gave you will be the saving that the subsidy ship of the pure budgetary saving. Ever as gaving as the still part that counts as pure saving. Ever as sumbly off the lection in the middle of a two pasts; with those of the country's five main economic way rates being unfailed about a few fixed income tax rates being unfailed about a few fixed the bank's turned-unit of the lowest tax and pounced, relieved, upon the heavier tax burden US containty. Valuations adjustments to the bank's turned-unit of the lowest tax and probably revent the pure budgetary saving. Ever as sumbly refused on the bank as unsequently that the subsidy bill, he now began to be pressed for detail he did not the saving that counts as the subsidy bill, he now began to the election in the middle of a fall the many of those pressure of the clusters in subsidity will hold the save.

The bank of the pure and he is left with those will have to be at least pure and he is left with those will have to be at least pure and he is left with those will have to be at least pure and he is left with those will have to be at least part financed by hig cutting that counts are form will not this year instead of the funds as a pure saving. Ever and the stream of the funds as the pure and he is left with those will have to be a subsidy bill, he now began to the fund of the cutting that the subsidy bill, he now hegan to the fund of the cutting that the subsidy bil bank's unsecured foreigncurrency reserves, together with
a reduction of outstanding swap
positions, led to a fail of some
SFr 4.6bn in the foreigncurrency holdings.
At SFr 36.26bn, there were
markedly lower than end-of-year
totals of SFr 38.38bn for 1984
and SFr 38.13bn for 1985. Gold
holdings remained at SFr 11.9bn
—virtually unchanged since the
early 1970s.
Part of the foreign currency

early 1970s.
Part of the foreign currency book loss for 1986 can be covered by the balance-sheet position. "foreign-exchange valuation adjustment." However, this had already been reduced from over SFr 5.1bn to some SFr 1.56bn for 1985.
The remaining SFr 2.1bn will be allowed for in the central bank's profit-and-loss account and covered by the freeing of and covered by the freeing of a large part of the provisions for foreign-exchange risks. These had amounted to some SFr 2.65bn at the end of 1985.

French ports re-open as seamen end strike

BY GEORGE GRAHAM IN PARIS

ernment at the weekend.

That agreement, signed by for ships wanting to register trade unions and by Mr under the flag of the Kerguelen Ambroise Guellec, Secretary of islands, a French dependency State for the Sea, brought an in the southern Indian Ocean, end to a 26-day strike which had paralysed many French known for the giant seaweed

FRENCH SEAMEN began to code would not take place permit them to hire up to 75 per December 22 to acquire the return to work yesterday after before 1988.

cent of their crew outside Kerguelen registration but the accord reached with the Gov- in addition. Mr Guellec France and would thus reduce freeze all subsequent applications their labour costs.

The French national ship-owners' council estimates the daily labour cost of a 280,000-tonne ship with an all-French crew at \$5,300-\$5,400 a day, compared with \$3,200 a day under the Terres Australia.

consider and the mainland.

The Government made concessions on social security concessions on social security concessions on social security concessions who are sick or injured during work accidents and promised that the revision of the maritime labour should be concessioned as a concession of the maritime labour should be considered as a concession of the maritime and the considered as a concession of the maritime labour should be considered as a concession of the maritime labour should be considered as a concession of the maritime labour should be considered as a concession of the maritime labour should be considered as a concession of the maritime labour should be considered as a concession of the maritime labour

Bonn's Finance Minister is facing a major political challenge, writes Peter Bruce

Tax cut promises haunt Stoltenberg

AS IT turns out, Mr Gerhard
Stoltenberg, West Germany's
Finance Minister, need never
have promised a DM 40bg
(fi4bn) tax reform in order to
win this month's general election. The ruling coalition to
which he belongs appears to
be coasting to victory against
weak and divided opponents.
But he did make the promise
and, as luck would have it,
President Ronald Reagan
signed into law a sweeping revision of the US tax system
soon afterwards. Before Mr
Stoltenberg had time to think,
an almost frenzied (for West
Germany) tax debate had
sprung up around him.

Where he had begun by talking signey of financing the reThe Government is going into



DM 19bn cut will not make a DM 10bn out of Bonn's subsidy noticeable difference to most basket as part financing.

West Germans whether the So far, state subsidies have second phase is introduced this year or next. That makes it all the more urgent, politically, that the promised "grand reform" for the nineties works. The plan, insofar as it exists in any concrete form, is to radiwest German taxes, to abandon tax bands for a linear system where tax paid would be in

plus X."

Another way of putting that would be "DM 40hn minus X" because, in addition to the pure budgetary savings Mr Stoltenberg plans to make, the entire DM 40hn or so package will have to be at least part financed by hig cuts in gubsing taxes on fuel, cigarettes and alcohol.

The Leander may be tougher to crack. Mr Stoltenberg has to convince them to share with Bonn at least DM 20hn of the Bonn at least DM 20hn of

the start to cut them. If, as is now being forecast, economic growth slows in the next few years, industry's demands for more aid will inevitably grow. But about half of West German subsidies are tax breaks and the Finance Ministry is concentrating on these, arguing that their removal will also go a long way towards simplifying the entire system. where tax path would be in-direct proportion to income, and to offer real cuts of what Mr Stoltenberg calls "DM 20pz plus X."

Rau accuses Chancellor of angling for extremist votes

BY DAVID MARSH IN BONN

MR JOHANNES RAU, the West German opposition challenger in the January 25 general election, yesterday accused Mr Helmut Kohl, the accused Mr Helmut Robl, the Chancellor, of trailing for extremist votes by claiming that "concentration camps" existed in East Germany, Mr Kohl, following up his recently tougher line on rela-tions with East Germany, told

a campaign rally on Sunday that the East Berlin Govern-ment maintained 2,900 political detainees in "prisons and concentration camps."
Mr Rau, who has slipped hadly in opinion polls over the past few months, said the Chancellor's remarks risked damaging chances for cooperation with East Berlin, Mr Kehl is making his concers over the human rights in East Germany—and his desire one day to achieve reunifica-tion of the divided halves of the nation—into major issues in the election campaign.
The Benn Government says that people living in East Germany—including those in jail for what it claims are notified. political reasons — remain West German competriots.

East Berlin says they are simply East German citizens, and that Mr Kohl has no right to speak for them. Another sign of pre-election strains has come with a firm declaration against "1970s-style detente" by the Chris-tian Social Union (CSU), the Bavarian sister party of Mr Kohl's conservative Christian Democratic Union. The CSU

is led by Mr Franz Josef Strauss, the Bavarian Prime Minister, who has his eye on a senior post in the next government.

The statement is part of the CSU's continued sniping against policies adopted under Mr Raus Dietrich Genscher, Foreign Minister in Bonn for 13 years,

OVERSEAS NEWS

Tamil leader hits at government 'siege tactics'

The mass resignation over a

salary dispute of 50 university deans, 300 heads

of departments and all wardens, sub-wardens and

student coursellors will make

it impossible for seven of Sri

Lankas eight compuses to open next week for the new

Several vice-chancellors told the University Grants Commission yesterday that they were indefinitely post-poning degree examinations, and asked students in residential commissions.

dential campuses to vacate

their rooms. The only excep-tion is the University of Jaffan in the troubled Tamil

to hold direct talks with the LTTE. The Indian Government

mission in Colombo and the Sri

Lankan press, was a redrawing of the boundaries of the racially mixed eastern province.

Such a redrawing would have led to the exclusion of majority sinkeless.

Sinhalese areas from the eastern province, allowing a "linkage" between the Tamil

north and Tamil-speaking dis-

other rival groups in the north and has demanded recognition

The LTTE has wiped out all

tricts of the east.

academic year.

THE Sri Lankan Government is trying to create a "Biafra-like seige situation" in the Jaffna peninsula, Major Rittu, the regional commander of The Tamil Liberation Tigers (LTTE), charged yesterday. He was commenting on the Government's decision to stop all fuel supplies to the peninsular, the separatist stronghold.

rs ste

The army, which is manning all points of entry and exit, has been ordered to stop all vehicles transporting petrol or kerosene. Supplies of aluminium have also been stopped to prevent the manufacture of arms in the north.

"They are trying to choke us,"
said Major Kittu. He also
pointed out that the restrictions
had crippled the fishing industry.

there is enough fuel to last several weeks and its decision is a warning to the "Tigers," who are in effective control of the north and last week threatened to declare unilateral

interpreted the failure as a manoeuvre to end Indian mediation after an Indian negotiating team which visited Colombo for three days of talks independence.

The UDI decision was not implemented because of pressure from the Indian Government, diplomats said. Though India's mediation efforts have with President Junius Jaye-wardene in November de-manded too many concessions from the Sri Lankan Governbeen stalled, India considers such a step a serious diplomatic these concessions, over which there has been a war of words between the Indian High Com-

embarrassment.
Disturbed by what it regards as a big military build-up in the north, India has warned Sri Lanka about the "unpredictable consequences" of a major military offensive. For the first time, India has noted the growing role of Pakistani and Israeli security advisers in Sri Lanka, and spoken of a threat to "Indian security interests, national and regional."

Mr Lalith Athulathmudali,

the National Security Minister, said yesterday that if the Government wanted to choke the north, it would cut off food and electricity supplies.

He maintained that the formal declaration of independence had only been postponed while step by step the Tigers were setting up a parallel civil administration with passage 40 were setting up a paratic civil middle a windrawal of the supervise trade and transport, the release of 3,000 Tamil "Make no mistake, the LTTE youths detained under the act, is setting up a governmental and the removal of restrictions structure, however skeletal," he said.

The Government cannot accept

Libyan raid on Chad played down by France

FRANCE PLANS no immediate

Budget Minister and official government spokesman, had said that France planned to take "in coming hours the appro-

"in coming hours the appro-priate measures."

The Libyan action was expected to draw reprisals from France. Four Libyan MiG-23s had struck targets south of the 16th parallel, where France has established a defence system to support the Chad Government. France has always

matic response. However, the

the capture by Chadlan troops of a Libyan garrison
They also suggested that it did not necessarily imply that Tripoli was deliberately seeking

None the less, the Libyan raid and the latest developments in Chad—with the government of President Hissane Habre seek-ing to pursue his offensive to —are causing a new diplomatic and defence headache for the

Col Muammer Gaddafi, Libya's leader said in an inter-view published yesterday that the fighting in Chad was among Chadians, but that "a few hundred" Libyan troops were in the country, trying to free a handful of captured Libyan

and has demanded recognition as "the sole representative of the Tamil people." But it has resisted the temptation of accepting the Government's carrot of informal recognition. It has laid down conditions for fresh negotiations. These include a withdrawal of the Prevention of Terrorism Act.

The French Foreign Ministry confirmed yesterday that France has decided to suspend for an indefinite period all official visits between France and Australia. The decision follows what Paris regards as "the unfriendly attitude of Australia" towards France, cies in the Pacific region.

Peter Blackburn reports on Togo's economic struggle as its leader completes 20 years in power

retaliation against the Libyan bombing raid in southern Chad on Sunday and is seeking to prevent an intensification of the

conflict in central Africa. France was studying yester day "an appropriate response" to the Libyan raid, according to government sources. Earlier, Mr Alaine Juppe, the French

warned that any Libyan incursion south of the 16th parallel would prompt an auto-

authorities appeared to be seek-ing to play down the incident yesterday suggesting that the Libyan raid could simply repre-sent Libyan retailiation against

to provoke France by violating the 16th parallel.

recapture the northern part of the country from Libyan control French Government. Col Musmmer

Australia" towards France, especially over New Caledonia. The French Government has accused Australia of leading a campaign against French poli-

Togo follows path of 'Supreme Guide' IN THE MIDDLE of Lome a larger than-life golden statue shows Gen people have been following the path chosen by Gen Eyadema, the "Su-

of the small West African state of preme Guide." He was recently re-Togo, pointing the way forward.

The statue stands outside the in elected with an overwhelming mastatue stands outside the im- jority posing headquarters of the country's sole political party, the Assem-Since he miraculously survived a plane crash 12 years ago a powerful bly of the Togolese People, whose personality cult has grown around ongress is considering the renethe Togolese leader. A monument

wal of diplomatic relations with Isbuilt at the scene of the accident at rael after a 13 year break. Sarakawa in nothern Togo has be-Togo would become the first come a national shrine. black African state after Zaire, Lib-eria, Cote D'Ivoire and the Camer-ity will be enhanced by sumptuous celebrations planned for Tuesday to

Along with other black African mark the 20th anniversary of the states it broke relations in solidari- military coup in which he seized ty with Egypt following the 1973 power.

Middle East war.

The Togolese people will be hoping that the "architect of new Togo"

oon to resume ties.

erview with Radio France Interna- will ease the austerity imposed in was competent to take such a decision. But he added that he saw no obstacle now that Egypt had retes that jobs in the public sector

international image in the run-up to the 20th anniversary, last year decided against a further rescheduling of its external debt.

But the decision diverted resources from productive investment to debt servicing which still absorbs nearly 50 per cent of export earn-

fall below 2 per cent in 1986 from 3 per cent the previous year, economists forecast With a population of only 29m

and public external debt of about 293.7bn CFA francs (\$900m) the Togolese are among the world's most heavily indebted people in per canita terms.

The country's debt crisis arose after the Government went on a of a spending spree following the quad-rupling in 1974 of the world price of Thi ate, the country's main ex-

fitable and when the world phosoliged in 1979 to seek IMF assistance and reschedule its official

debt with the Paris Chub. Since then the Government implemented a series of IMF- and World Bank-inspired economic re- forms have further depressed the forms. These included the closure Nigerian market.

privatisation programmes. The reforms combined with good harvests helped to reverse the economic decline in 1985, bankers say. Togo recently received a further mark of approval when the World Bank released the second tranche

The Government, mindful of its industrial enterprises, public build- modity marketing board and cloings and luxury hotels proved un- sure of an unprofitable railway line. Despite the reforms, Togo faces a phate market collapsed Togo was difficult economic future. The world phosphate market remains depressed and Togo's important regional transit trade has been disrupted by the closure of the Ghanaian border while recent financial re-

> of eight loss-making public enter— In addition, last September's prises and privatisation of 21 others coup attempt by Ghanaian-based in one of Africa's most far-reaching Togolese dissidents will not have encouraged the tourist industry.

However, political stability was quickly restored and foreign business confidence apparently re-

Gen Eyadema's statue emerged unscathed from the recent coup attempt but it could still be threatened by underlying social tensions This came after the Government met certain conditions, including a further increase in cocoa and coffee shown the best way forward.

Assam students complete first year of government

THE WORLD's first student gov-party has done little to fulfil its elec-ernment, elected a year ago on a tion promises to Assam's 20m peo-pledge to expel millions of Bengali ple. immigrants from Assam state in The APP was formed after India's

north-east India, is still trying to central government signed a peace find its feet, Reuter reports from accord in August, 1985, ending six years of agitation by militant Assa-Ganhati.

The Assam Peoples' Front (APF)
Government marked its first anniversary on December 24 with rallies and exhibitions.

But critics say its achievements are largely national and that the

by Mr Rajiv Gandhi, Prime Miniser, after the Punjab settlen The All Assam Students' Union (AASU) and the People's Struggle Front, which led the anti-immigrant campaign, formed the APF only two months before last year's elections. It defeated Mr Gandhi's ruling Congress (I) Party to take power in a state best known abroad for its tea but vital to India for its oil reserves. a law student, left the classrooms of they had met at university. Mr Ma-Gauhati University to take the hanta himself will follow suit next chief Minister's chair. Other AASU

bachelor party" because 52 of its 71 legislators were single when they came to power.

But that is rapidly changing. The ministers of forests, health, industries, transport and home all got

The press dubbed the APF "the packelor party" because 52 of its 71 egislators were single when they ame to power.

Weddings apart, the APF has had little to celebrate. Its first year in power has been marked by natural disasters, including epidemics of malaria and viral encephalitis that

claimed more than 600 lives. A severe drought followed by un-seasonal floods caused damage esti-

married this year to young women mated at more than Rs 7hn (\$500m).

Indonesian budget set to raise spending slightly

BY JOHN MURRAY BROWN IN JAKARTA

Indonesia is expected to announce a slight increase in Government spending when he presents his draft 1987-88 budget to parliament today. This compares with a 7 per cent cut last year, and reflects a concern to ease Indonesia's economic downturn ahead of April's rational elections. April's national elections.

However, with inflation at 8 per cent, the budget marks a further decline in real terms. Development spending, which

PRESIDENT SUHARTO of sluggish world demand for its non-oil commodities. Oil and gas sales in the past provided 55 per cent of total budget

Recurrent expenditures may see a slight increase. Of these, repayment on the country's \$33bn (£22bn) foreign debt, the single largest item, is set to rise from last year's \$4.2bn, following further borrowing and the 45 year east devaluation of the 45 per cent devaluation of the rupish in September.

Economists predict nil or was cut by 22 per cent last year, negative growth this year, a is set to decline further as the debt service ratio of 40 per cent,

King Fahd to pay state visit to Britain

Mr Prafulla Kumar Mahanta, 30,

KING FAHD of Saudi Arabia will pay a four-day state visit to Britain from March 24, his first since he assumed power in June 1982, Reuter reports

A court

A court announcement yesterday said the visit was at the invitation of Queen Elizabeth. The Queen and Prince Philip visited Saudi Arabia in February 1973.

Arab diplomats in the region said they believed the Saudi monarch's talks in Britain would centre on the Middle East erisis and the Iran-Iraq war, and the role London could play in resolving the two conflicts.

Manila unionists protest at sacking of minister

THOUSANDS of left-wing trade president of the Employers' unionists picketed the Philippines Labour Ministry and then marched to the seat of President Corazon Aquino's in an effort to balance what Government yesterday to protest at the sacking of Mr Sanchez's excessive pro-labour Augusto Sanchez as Labour bias.

Confederation of the Philippines, was appointed Deputy Labour Minister last September

The Employers' Confederation and the moderate Trade Union Conference of the water cannon prevented the Union Conference of the militant Kilusang Mayo Uno (May 1 Movement) from marching directly to Malacanang hopes that it would lead to a much-needed period of industrial prevented to the matter of the appointment and expressed hopes that it would lead to a much-needed period of industrial prevented.

violence.

The new minister, Mr
Franklin Drilon, a former management lawyer and vicewhile Mr Sanchez was minister.

August 20, 1900: a turring point in aviation history.



That was the day a Boeing flew over the Mojave Desert USA. Nothing unusual maybe, except that it was powered by a revolutionary unducted fan engine.

An engine that will be fitted on Boeing's new 7J7. The aircraft that will replace the 727s, DC9s, and early 737s currently in service. It will fly as high and cruise as fast as today's jets, but consume far less fuel. This will mean the airliner will have operating costs which are 8% to 10% lower than jets entering service later this decade.

It's destined for a brilliant future and Short Brothers in the UK are sharing in the development programme. Everything's going to plan for production to start in 1988 and for the aircraft to enter service in 1992.

But then what else would you expect from Boeing and its partners?

BOEING

icks decli or years

Lionel Barber in Washington outlines the US President's \$1.0243 trillion budget Reagan's precarious balancing act

trillion-dollar budget, presented by Congress last year).
to Congress yesterday, includes DEFENCE: Mr Reagan wants spending cuts in agriculture, real growth in military sper transportation and education ing to rise by 3 per ce transportation and education

1988, which starts on October 1.
This is just below the target set by the Gramm-Rudman-Hollings law, and assumes real GNP growth of 3.2 per cent in calendar year 1987 (compared to 2.7 per cent in 1986) with inflation expected to return to heters 3 and 4 per cent.

To maintain national security. The maintain national security. The property of the maintain national security. The property of the maintain national security. The property of the pr

In his budget message to federal government out of Congress, calling for an outlay of \$1.0243 trillion (million million) in fiscal year 1988, Mr sector take over.

Reagan calls the budget deficit "a major threat to our future prosperity" and sets out protection out of the passenger train service osals to cut federal spending running mainly along the

transportation and education but also calls for increases in defence spending, foreign aid and space programmes.

Mr Reagan's aim is to strike a balance between the need to reduce the bulging deficit—which ran to a record \$220.7bn in fiscal year 1986—and the desire to provide more money for high priority areas such as defence.

According to the budget's calculations, the deficit will be cut to \$107.8bn in fiscal year 1988 and 0 Cotober 1. This is just below the target in maintain national security.

This is just below the target in finite by 3 per cent annually over the next five years. Mr Weinberger has already proposed a \$2.8bn supplemental appropriation for 1988, including an extra \$250m for Star Wars research.

Mr Reagan says the amount of defence sending authorised by congress in 1986 and 1987 declined in real terms. That included a 30 per cent cut in funding for Star Wars.

Promising tougher competition for defence contracts, Mr Reagan says the defence budget's tion for defence contracts, Mr Reagan says the defence budget's tion for defence contracts, Mr Reagan says the defence budget's tion for defence contracts, Mr Reagan says the defence budget's tion for defence contracts, Mr Reagan says the defence budget's tion for defence contracts, Mr Reagan says the defence budget's tion for defence contracts, Mr Reagan says the defence budget's tion for defence contracts, Mr Reagan says the defence budget's tion for defence contracts, Mr Reagan says the defence budget's tion for defence contracts, Mr Reagan says the defence budget's tion for defence sending authorised by congress in 1986 and 1987 declined in real terms. That included a 30 per cent cut in funding for Star Wars.

Promising tought to the minimum necessary tion for defence budget's tion for defence contracts, Mr Reagan says the defence budget's tion for defence contracts, Mr Reagan says the defence budget's tion for defence contracts, Mr Reagan says the defence budget's tion for defence to the form of the form of the form of the form of the form of

language strikingly similar to Mrs Thatcher's, President Reagan says he wants to get the

The 13-nation European Space Agency (ESA) which co-ordinates Western Europe's

extraterrestrial activities, said yesterday it was awaiting clarif-

The US review of plans for the station could be a precursor

ECONOMIC FORECASTS*

SHORT RANGE

Percentage changes (fourth quarter to fourth quarter), except unemployment and interest rates. † Actual.

Boston-Washington corridor and selling off its assets that would generate around \$1bn in 1988, partially repaying more than \$12bn already paid in sub-

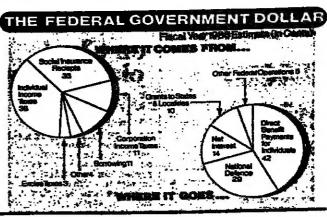
include two oil fields or rated by the Government: Elk Hills, California and Teapet Dome, Wyoming (better known as a financial scandal in the 1920s), auctioning off radio and cellular radio wave space, electric power marketing organisations and events and events and expert radio and cellular radio waves real experts. The tions and excess real estate. The

total sell-off would bring in at Entitlements: Americans spen least \$5bn in 1988. FARM AID: The cost of suppor-FARM AID: The cost of supporing America's farmers has risen
sixfold from \$45n in 1981 to
\$25.80n in 1986, the budget
\$3 5.4 6.9 7.3
2.9 2.7 3.2 3.7
3.3 0.9 3.8 3.6 farmers has risen
sixfold from \$45n in 1981 to
\$25.80n in 1986, the budget
says. That amounts to a direct
payment of more than \$16,000
to each of the L6m farm
families. And yet, in 1985, twothirds of American farmers did
not receive price supports.

The Administration is pro-posing a new farm plan simed at removing the incentive for farmers to overproduce, limit to \$50,000 (instead of the present \$250,000) the amount each farmer may receive and reduce target prices by 10 per cent a year to cut surplus production. If this is achieved, Mr Reagan believes he can achieve savings of \$24bn between 1988 and 1992, cutting farm aid to account \$25n and 1992, cutting farm aid to around \$20n.
Education: Mr Reagan is seeking budget authority for the education department of \$14hm in 1988, a cut of almost \$4hn compared with 1986. The cuts include earlier calls for phasing out legal aid services, and an effort to make students—not taxpayers—shoulder the burden of paying for their higher education.

more per capita on their health trialised world-52 per cent more than in West Germany and 100 per cent more than in and 100 per cent more than in Japan, the budget document says. Hence, Mr Reagan wants to cut medical entitlements, not-ably Medicare and Medicaid. AIDS research and education is expected to rise 28 per cent to \$118m. Under the proposals, Medicare premiums are to be increased by 35 per cent of

increased by \$5 per cent of supplementary medical insurance costs of new enrollees, plus curbs on Medicare rewards to hospitals to build (unwanted) beds. Including cuts in Medicaid spending and veterens entitlements, Mr Reagan estimates saving taxpayers \$7.2bn in 1988 and \$65.8bn in the period 1988 through 1992. Foreign aid: Mr Reagan wants more money to spend helping allies, states threatened by comallies, states threatened by communist insurgents, or countries in need of humanitarian aid. He has asked for budget authority of \$19.1bn in 1988, \$1bn above the 1987 level (including a supplemental appropriation of \$1.3bn in 1987).



	PRESIDE	(\$5n)	STEPS			
	1986	1987	1988	1989	1990	1971
l'otals:						
Receipts	769.1	842.A	916.6	974.2	1,048.3	1,123.
Outlays	989.8	1,015.4	1,024.3	1,969.0	1,107.8	1,144
Deficit or surplus Gramm-Rudman-	-229.7	-173.2	-167.8	-92.8	57.5	-21.
Hollins targets	-171.9	-144.0	-100.0	-72.0	-36.0	0.
Year-to-year changes:						
Receipts	35.0	73.3	74.2	59.4	72.1	74.
Outlays	43.5	25.8	8.8	44.6	36.6	36.
Deficit	-8.5	+47.5	+45.4	+15.0	+33.3	+34.

US space station review may impede foreign role

A US Government committee areas such as low gravity has begun work on a review materials processing, to start by of the country's project for a the end of this year. A US Government committee has begun work on a review of the country's project for a manned space station. The move could impede the planned involvement of Western Europe, Japan and Canada in the development of the base, which is due to enter orbit in the mid 1990s at a cost of about \$12hn (\$8.1bn). impact of the postponement.
"We would like to know the details of the US position," the ESA said. \$12bn (£8.1bn).

The committee, a State
Department official said yesterday, will consider a number of
issues concerning the station,
including possible use of the
structure by the Defence
Department, Other US agencies
to be involved in the review,
which is due to take until the which is due to take until the end of this month, include the National Aeronautics and Space

As a result of the committee's work, negotiations between the US and the other countries due US and the other countries due authorities to play a key role to become involved with the station have been postponed by station, possibly in conjunction a month. The talks have already been delayed as a result of unitative, is likely to be greeted arguments about these nations' with suspicion by the foreign exact contribution to the

The State Department said it still hoped to finalise discus-sions with the other nations about overt military use of the over the station by the spring, as planned. This would permit full-scale development of the structure, which is due to house laboratories for experiments in

Reagan has second operation in two days

By Nancy Dunne in Washington PRESIDENT Reagan underwent prostate surgery yester-day, shortly before the White

It is just 18 months since the President underwent major cancer surgery for the removal of a tumour in his colon. Doctors then gave the erion. Declars then gave the President a better than 50 per cent chance for recovery.

Throughout his presidency. Mr Reagan has made frequent trips to the hospital for various causes, including a gunshot wound

day, shortly before the White House announced that four small polyps removed from the President's colon on Sunday were benign.

The President was fully conscious during yesterday's eperation as doctors from Minnesoth's Mayo Clinic cut away pieces of his enlarged prostate. The tissue was tested for malignancy, but doctors, who are expected to doctors, who are expected to amnounce the results today, say the chance of finding cancer is only about 16 per

Yesterday's procedure, called a transurethral resection of the prostate, is a common one. The President, who had a similar operation in 1967, called the surgery

Doctors have consistently praised the President's re-

Language tensions in Quebec have eased, Robert Gibbens reports

Montreal wins time to cool off

TENSION between the Frenchand English-speaking communi-ties in Quebec has eased since just before Christmas when the Canadian province appeared to be in danger of relapsing into the language battles of the 1970s, But action by the liberal provincial government of Mr Robert Bourassa appears to have defused the tension suc-cessfully.

cessfully.

Montreal, always the focal point of language conflict because, unlike the rest of Quebec, it has a substantial English speaking community, has been quiet since the beginning of January. No less important, the provincial government has succeeded in settling wage claims lodged on behalf of 200,000 public service employees in Quebec and the chances are that a settlement will soon be reached with the remaining 100,000.

Quebec public service unions have a reputation both for mili-

Quebec public service unions have a reputation both for militancy and for quebecois nationalism. By settling with them Mr Bourssa's government avoided being caught in a potentially dangerous conflict with the unions at a time when the language issue had been revived by a court decision.



Bourassa: avoided conflict with unions

Canadian constitution of 1982 and the Quebec Bill of Rights, to prevent people using their own language in addition to French on commercial and other public signs.

That seemed to strike at the

every hue had the issue they to assume full economic leader-had been waiting for and could ship in the province. accuse Mr Bourassa of trying It was easy for Mr Levesque to impose hilingualism on the to claim Bill 101 had peace-

Cross, in 1970.

The police, however, are sceptical and assign responsibility to vandals or a lunatic fringe exploiting the legitimate concerns of those who believe the French language must be defended in Quebec if it is to converte associative in multisurvive, especially in multi-lingual Montreal.

Mr Bourassa and his Quebec Liberal Party failed to find a solution to growing language tensions when in power from 1970 to 1976, and the Parti language issue had been revived by a court decision.

The Quebee Court of Appeal ruled that it was an unreasonable restraint on freedom of speech, as defined both in the care of Bill 101, the French Quebecois narrowly won the Language Charter signed into 1976 election on a promise to ensure full protection for the Quebecois government of Bir French language by law. In speech, as defined both in the

to impose bilingualism on the province as a sop to Les Anglais.

In Montreal, two Molotov cocktails were thrown through the windows of a department store chain displaying bilingual signs. Bomb threats were received by several central stores bearing English names. Responsibility has been claimed by several cells of the Front de Liberation du Quebeg, the small terrorist organisation of a British diplomat, Mr James Cross, in 1970. lingual signs, especially in areas where substantial English-speaking communities

> Mr Bourassa could have amended Bill 101 swiftly with his large national assembly majority, but chose to await the appeal court decision on two test cases. He had to wait a year for the Appeal Court to find that languages other than French might be used in public signs, though Quebec has the right to insist on French having greater prominence. He has another two months to decide whether to test the decision in the Supreme Court in Ottawa, thus delaying the changes to Bill 101 that the Appeal Court decision would require. Doing so would allow emended Bill 101 swiftly with

require. Doing so would allow a public opinion to cool down.

US banks suffer record failures

By Nancy Dunne in Washingto

US BANKS, plauged by troubles in the agriculture and energy sectors, suffered a record number of failures in 1988 for the fifth year in a row.

As of mid-December, the Federal Deposit Insurance Corporation (FDIC) had placed 1,484 banks, about one out of every 10 banks it insures, on its list of troubled institutions.

every 10 banks it insures, on its list of troubled institutions.

According to the FDIC, 138 insolvent US banks were either merged or liquidated last year. Fallures rose from 120 in 1985 and 79 in 1985 and 79 in 1987 great depression.

Failures rose from 120 in 1985 and 79 in 1984. During the late years of the great depression, from 1934 to 1989, bank failures averaged 67 per year, half of the current rate.

The banks that have failed are comparatively small with assets averaging about \$30m. However, it is believed that bank regulators, who have come to the assistance of large banks in the past, will not allow the giants to fail. The FDIC can also give financial help to banks and last year assisted seven.

The highest number of bank failures last year—26—were in Texas, where the oil glut and collapse in prices has struck hard. Oklahoma had 16 failures, Kansas 14, Iowa 10 and Missouri, nine.

The number of failures was the highest since the FDIC was created to insure investor savings in 1934. The assets of last year's failed institutions totalled \$7.7hn, and it cost the FDIC \$2.8hn to pay off depositors.

The Federal Reserve Board is

depositors.
The Federal Reserve Board is

due to vote on Thursday on a measure which could force banks with risky loans to maintain higher capital levels in order to reduce the number of failures.

AP adds from Washington: However, the figure was far below the early years of the depression, when accounts were not insured and rumours could spark bank runs by people frantic to withdraw their deposits. An average of 2,277 banks failed each year from 1930 to 1933, with an astounding 4,000 failures in 1933 itself, according to the FDIC. Meanwhile, the Federal Home

Loan Bank Board reported that 21 savings and loan associations closed their doors in 1986, while 43 were ordered to change management and 22 were forced into mergers with stronger partners. Savings and loans, also known as thrift institutions, make personal but not com-mercial loans.

mercial loans.
In addition, about 250 thrifts out of some 3,250 whose deposits are insured by the Federal Savings and Loan Insurance Corp are in trouble.

The 21 thrift closures also set

a modern record. Ten thrifts collapsed in 1985, nine in 1984 and six in 1983.

WORLD TRADE NEWS

Iran deal tests Bonn arms curbs

By David Marsh in Sonn

A NEW test for the West German Government's policy of proscribing arms exports to areas of conflict may arise as a result of efforts by Messerschmitt Boelkow Blohm (MBB), the country's largest aerospace group, to sell military transport aircraft to Iran.

Both MBB and the Bonn Government say there is no question of delivering any aircraft while the long running Gulf war with Iraq lasts. However the persistence with which MBB has been putting its proposals to Tehran underlines how West German companies are making a greater effort than in making a greater effort than in the past to compete in international arms sales.

Mr Hans Arndt Vogels, the MBB chairman, accompanied Mr Franz Josef Strauss, the Prime Minister of Bavaria, on a recent visit to Saudi Arabia designed partly to promote weapons sales to the desert kingdom. Mr Vogels has made no secret of his support for Mr Strauss's bid to liberalise Bonn's current restrictions on weapons

Bangladesh to buy airliners

BIMAN, the Bangladesh national airline, will buy two more wide-bodied aircraft to replace its ageing Boeing 707s, Mr Mohammad Abdus Sattar. State Minister for Aviation said, Reuter reports from Dhaka. He told reporters the country was negotiating with a number of aircraft manufacturers including McDonnell Douglas and Boeing of the US and Airbus Industrie, the European con-

to closer involvement in the orbiting base by the Defence Department. Hitherto, it had always been assumed that the Pentagon would be a user of the station, for scientific experiments, but would not also a next in menaging the play a part in managing the Any move by the US military

In particular, Switzerland and Sweden, neutralist countries in ESA, might complain

According to tentative estimates for the station, the US is due to put up \$8bm in develop-ment costs,

Cigars are not the only attraction Havana can offer trade missions, Frank Gray reports

British business finds Cuba a tempting prospect

but this is not deterring an exceptional number of British details by the Caribbean businessmen from pursuing nation.

MBB has confirmed it had been holding talks over the past 18 months about selling 12 Transall aircraft, produced jointly by West Germany and France, for Iran's armed forces.

Both MBB and the Bonn Government say there is no catalyst for increased bilateral control barter arrangements involving the confirmed at the lateral trade with Cuban state trading barter arrangements involving trade with Cuban state trading organisations.

The Birmingham Chamber followed with a similar mission last autumn and the Midland Bank, in association with the Goodwood Trading Company, followed with its own mission of some 40 UK companies last spring. The Manchester Cham-ber led a mission in November. It is estimated that more than 100 British companies have visited Cuba under the umbrella of trade missions in recent years. This interest is been locked in frustrating negotiations with European banks, led by Credit Lyonnais of France, under the aegis of

CUBA MAY be undergoing its the Paris Club. It is seeking worst economic difficulties \$300m in additional credits, but since the revolution of 1959, the Club is prepared only to but this is not deterring an offer \$50m because of what it

The Cubans argue that a roll-Comecon country in the western hemisphere,

Officials from the London Chamber of Commerce, which recently led a mission of 30 UK to buy Western equipment and companies to Cuba, admits that augment their admittedly nar-

> barter arrangements involving Cuban sugar in exchange for Soviet oil. About 85 per cent of Cuba's trade is tied up with Comecon, with the remainder supporting trade with such countries as the UK, Japan, France, Italy, Spain and Canada. France, Italy, Spain and Canada.
>
> One factor stimulating British trade interest is the attraction of doing business in America's back garden without having to compete with US companies, forbidden from doing business with Cuba by Washington's long trade embargo.
>
> Underpinning British activity is a reciprocal trade agreement

The Cuban economy is enter-ing what President Fidel Castro has described as The Year of the Thin Cows, agencies report from Havana. Austerity measures would mean a doubling in public transport prices to 10 cents from 5 cents, increases of about 40 per cent in electricity rates and restrictions in

bilateral trade to be spread over a five year period. The object is for Goodwood to handle, about £200m in Cuban imports, much of which can be imports, much of which can be transshipped to third markets, given a lover the term of the deal, Goodwood, and a Cuban export which witrading company set up to facilitate the arrangement, trading plan to facilitate the arrangement, trading proposed in shipments to Cuba. These would come mainly but not exclusively from the UK.

The London Chamber ways

recent years. This interest is taking place against Cuba's continuing debt difficulties. It has is a reciprocal trade agreement sations based in London, Paris, been locked in frustrating signed earlier this year between negotiations with European Goodwood and Midland Bank, Contracts for shipments to Cuba are usually processed in Goodwood and Midland Bank, Contracts for shipments to acting as its financial adviser, Cuba are usually processed in which envisages some £350m in this way.

The ecountry's foreign exchange earnings are expected to decline to \$500m from \$1.2bn in 1986, largely because of the sustained fall in sugar prices, the effects of an intense drought, and the fall in the price of petroleum and in the value of the US dellar.

About £1m in potential business inquiries resulted from the London Chamber mission, which is optimistic that much of this will result in real business, given a revamping of the current Cuban five-year plan which will set out an action plan to boost the country's trading potential with hard cur-rency nations. Proposals being considered Costains, the contracting group, to employ Cuban technicians and labour in third-

country projects; Babcock Power to generate about 70 MW of power by recycling waste heat from generating stations. Energy conservation is a corner-stone to Cuban economic planning as Cuban decommend to Cuban economic planning as Cuba Cuba is allowed to sell up to

Scandure to provide con-

end of March.

Meanwhile, they are expected to fulfil easily their export share of the arrangement.

Recent transactions involving, Shell and British Petroleum call for the lifting of come form the 66 per cent of its surplus for the lifting of some £5m.£6m. Soviet oil on Western markets. in Cuban crude and a UK com-This brought it \$574m in hard modity trader has taken £2.3m hard currency last year, butin steel to be trans-shipped to

this resource is under pressure
because of the fall in the prices
of oil.

Egypt. The UK also is to import
Cuban citrus fruits, some to be
sold through Marks and
Spencer's retail outlets. Citrus

veyor belting for the tobacco industry.

Leyland Vehicles is anxious to revive business ties with the Cubans, not only for the provision of trucks but of coaches. The later would support the country's fast-growing tourism industry.

British Shipbuilders is also delivering two SD-14 general cargo vessels to Cuba under a dorf, a West German shipping concern.

Spencer's retail outlets. Citrus fruit has surpassed tobacco as Cuba's third largest indigenous export, behind sugar and minerals, mainly nickel.

A Cuban plan to build an EEC-standard abattor that could lead to production of the next 18 months is also at an advanced stage. Production would eventually be increased to a target level of 10,000 tonnes for rabbit meat in force Chinese rabbit meat imports into the

dorf, a West German shipping concern.

Cuban authorities, severely pinched by the financial impact of a bad hurricane season and the loss of hard currency oil earnings, have been slow to lift goods from the UK.

They reaffirmed their commitment to a reciprocal trade agreement in Decamber and agreement in Decamber and bave identified a dozen contracts that would help build up their imports from the UK. They hope to reach a figure of filom in liftings from the UK by the end of March.

downturn in frozen Chinese rabbit meat imports into the UK.

A high potential project is the processing and bottling of Cuban rum by Invergordon authorities for sale in the UK and abroad. The only sticking point is on whether the Cuban authorities representing Rayana fine representating flavours their development investments beyond 50 per cent.

In terms of visible trade, A high potential project is the processing and bottling of Cuban rum by Invergordon Distilleries for sale in the UK and abroad. The only sticking point is on whether the Cuban authorities representing Havana Club, the national rum company, can be persuaded to boost their development investments beyond 50 per cent.

In terms of visible trade, Britain is enjoying a large sur-plus, with exports of £48m to October, against imports of just .58m, though this will change once the Goodwood results begin to be registered. British exports to Cuba last year were worth £59.3m against imports of £7.27m

THE Himalsyan kingdom of \$760m and is expected to export Bhutan is to launch its first big most of its 1,500 tonnes a day industry programme in its output to India and Bangladeah.

win Java oil contract By John Murray Brown in Jakarta A JAPANESE consortium

Japanese

headed by Japan Petroleum Exploration Company, Japex, has won a \$90m (£64m) con-tract to explore for oil on Java, Indonesia's official news Java, Indonesia's omeiai news agency reported.

The 10-year agreement signed in Tokyo gives the consortium 53.5 per cent of crude production as repay-ment for investment costs and

a further 6.5 per cent as

The terms appear markedly

Drefit share.

more attractive than those allowed under the current allowed under the current production sharing contracts. This is seen as a concession to Japan, the leading buyer of Indonesian oil and gas, which has hitherto played only a minor role in the country's exploration and production. The contract will be financed up to 90 per cent by Japan's National Oil Company with the remaining 19 per cent raised by the 10-member consortium. It will cover 7,800 sq kms in West and Central Java, Indonesia's main island.

Indonesia's central hank will provide export credits for

• Indonesia's central bank will provide export credits for foreign buyers of aircraft built by PT Nurtanio (IPTN), the state-run aerospace industry, Dr Arisin Siregar, the bank's governor, told a parliamentary committee. told a parliamentary committee.

The credits, given according to requirements set by the Organisation of Economic Co-operation and Development will be for seven years. The grace period will be two to three years, with interest payable at 74 per cent, the governor said.

IPTN is also reported to be seeking support from Deutsche Bank of West Germany and two Japanese financial institutions.

Negotiations are under way with several customers in Burmah, Japan, Thailand and Bangladesh.

IPTN manufactures the

IPTN manufactures the multi-purpose turbo-prop C212 sircraft under licence from Casa of Spain, and the larger CN235 in a design and production partnership.

Nissan advances European plans

NISSAN, second-largest of the Japanese automotive groups, is to spend about Fl 44m (£13.6m) to double the capacity of its European warehouse facilities at Amsterdam in the Nether-lands one year ahead of the original schedule. The company gives three principal reasons for the principal reasons for the move: first the UK assembly plant at Washington, Tyne and Wear, will begin shipping cars to continental markets

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT in 1988; secondly Nissan intends to sell more European

intends to sell more European parts; and lastly, the group's penetration of European car markets has exceeded previous expectations.

The Japanese group set up Nissan Motor Parts Centre (Europe) with initial capital of F1 50m in May 1983 and operations began last July. Nissan says estimated sales for 1986 fiscal year will be F1 348m and NMPC now employs 240.

Nissan is also to combine its after-sales service organi-sation in Europe, currently based in Brussels, with NMPC.

Last year Nissan sold about 207,000 cars in Western 307,600 cars in Western Europe for a 2.9 per cent market share. By the end of November this year the group had registered about 294,000 cars, an increase of nearly 13 per cent on the same period of 1985, and pushed up period of 1985, and pushed its share to 3.1 per cent.

S. Korea to finance import substitution plan SOUTH KOREA plans to lend

7,800bn won (\$9.2bn) at concessionary rates over the next five years to companies engaged in import substitution, Reuter reports from Secol.

The ministry has selected 13,435 electronic goods, items of machinery and various parts now purchased abroad, mostly from Japan, which the Government wants to be made locally.

Bhutan projects launched BY JOHN ELLIOTT IN NEW DELHI

industry programme in its sixth five-year plan for 1987-91 with projects aimed at using the country's natural resources, including limestone and hydroelectric power.

A \$80m cement plant is to be built in the south-east of the country where there are large limestone deposits, possibly using technology from Denmark of Switzerland.

It will account for around 10 per cent of the expected total plan expenditure of about cutous in the south-east of the substantial amount of its output.

S bank

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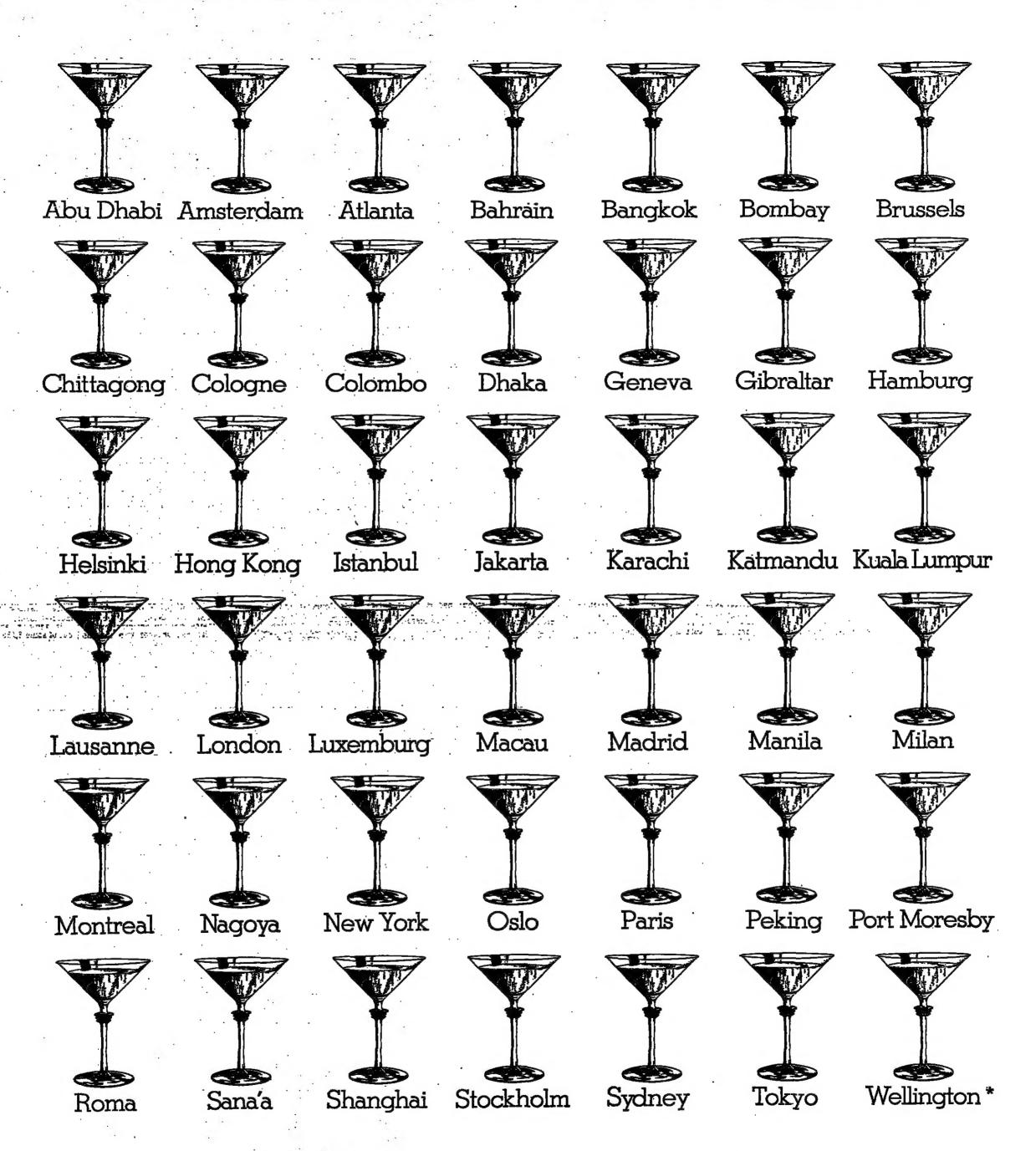
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Who ever said that the business world is dull?



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* And in 66 other major cities around the world.

3

Ten directors resign at public relations group

TEN DIRECTORS of Com tions Strategy Limited (CSL), an unquoted consultancy which is ranked seventh in the UK with a fee income last year of £3.2m, resigned yesterday. The consultancy's clients include the Australian Tourist Commission and the Mail on board row involving one of the UK's fastest-growing public relations

Their move follows the resignation shortly before Christmas of Mr Alan Butler, the company's manag-ing director and chairman of the Public Relations Consultants Asso-

Mr Butler resigned over "irrecon-cilable differences" with Mr Bruce Clark, the company's chairman and founder. The 10 directors who quit yesterday - five were non-executive - cited "the continuing lack of up-todate financial information" being given to them as one of the causes

CSL is the trading company owned by Communications Strategy Group. The group board has five members and the CSL board had 15 members before the resignations.

Mr Bruce Clark, chairman of CSL said yesterday that any fast-growing business had growing pains and we have out-grown some of the people who work for us. This

TOP 10 BRITIS

split at a leading public relations consultancy, however, highlights the problems within the PR busi-

over the past year. A number of leading public relacourt more publicity for themselves in an attempt to go public on either the Unlisted Securities Market or

The Charles Barker Group, for example, joined the full market in the surface amid a blaze of publicity at an offer price of 140p. However, the City has not been ined with PR companies going public and Charles Barkers' shares currently are rated at 105p.

Good Relations, the first PR company to go public in 1983, also atman of the McCann consultancy, tracted the sort of publicity over the

usually paid to keep out of the pa-pers. Not only did a number of key deputy chairman, Ms Maureen-Smith, also was criticised by the Stock Exchange and the Institute of Public Relations for the way in which she sold her shares in the company. Good Relations was even-tually acquired by an advertising agency, Lowe, Howard Spink.

Ironically, these problems among at a time of booming demand inthe Public Relations Consultan Association reported a 22 per cent increase in fee income in 1985 to some £5km. Total spending on all forms of PR - including in-house PR - is estimated at almost £500m in the UK last year.

Many companies, however, appear increasingly worried that the standards of PR are falling as rising demand is being falfilled by untrained PR recruits. Even the PR computations of the consultancies themselves seem aware of this problem. Two many practitioners appear to be cutting corners, settling for superficial solu-tions to current needs, and setting the scene for an erosion of standards," Mr Frank Barnard, chair-

Richard Evans assesses the Environment Department's efforts to curb spending Ridley gambles over local government

would be wiser to avoid.

The constant skirmishing over local government finance between Whitehall and both Conservative and Labour local authorities has been fraught with political dangers for the Government, and the recent wrigglings over the 1967-88 rate support grant settlement have un-derlined the difficulties. Rates are local property taxes which are sup-plemented by central government. How successful Mr Nicholas Rid-

ley, the Environment Secretary, will be in preventing local governliability remains an open question. But with a general election likely this year the stakes are high.

Mr Ridley, a total contrast to his predecessor, the high profile but conciliatory Mr Kenneth Baker, is equally politically astate but his ap-proach is much more overfly Thatcherite and confrontational. He has little patience for the wearifinance and his mistrust of the mo-

Office that was regarded as the graveyard of aspiring politicians because of the number of potentially dangerous issues it had responsibility for; then the Northern Ireland Office was added to the departments in which it was hard to score brownie points. More recently, the Department of the Environment in the field of local government finance, matters are rarely that sim-At first sight his efforts so far to produce a formula for the distribu-tion of rate support grant to local authorities for 1987-88 have been a has been at or near the top of any nance, matters are rarely that sim ministerial list of ministries it ple.

The sequence of events illustrates both what a minefield the area has become, and a high degree

The original rate support grant settlement proposed in July was based on more money being a available than ever before (£12.8hm a 9 per cent rise on 1966-87) but when more details were published in October it was seen that a few local authorities would gain inely, but a lot would gain very

little or would lose.

Psychologically it was the worst of all worlds for Mr Ridley. His attempts to direct more money into the inner cities, where it was most needed, also meant that the bene ficiencies were broadly Labour and the losers almost exclusively Tory. Surrey was set to receive only £13m compared with £33m this year, Hertfordshire £27m against £43m and Berkshire £35m instead of £41m. In short, the counties close to London were affected, and Tory

MPs threatened a bigger revolt

than the previous year when 32

GAP BETWEEN PLANNED AND ACTUAL SPENDING, ENGLAND

back-benchers voted against the Government and a further 20 ab-

It was more than the Government was prepared to face, and usent a revised formula was needed, Mr Ridley sounded a tacti-

On December 3 he amounced an recedented third attempt to get the formula right and this time political factors were clearly in evidence as the ground rules for re-ceiving grant were re-written. Areas like Surrey with £7.7m more, Hampshire with £4m more, and Hertfordshire with another

£8.4m were the main beneficiaries. ingether with the London borough It was enough to persuade most of the Tory rebeis to back down. found them

Inevitably, some rural authorities bund themselves worse off - Derbyshire was down £22m and Clevecouncils could need to push up their

spending," says Mr Travers.

First, the Government's inflation assumptions could be too modest ecording to some forecasters, who believe inflation could top 5 per

cent in the next financial year Second, insufficient account has probably been taken of pay rises for many council employees, including manual workers and teachers. Mr Baker, now Education Secretary, has pledged to pay £180m towards tal cost could be over £400m, and ratepayers will have to pick up the

The Chartered Institute of Public Finance and Accountancy (Cipfs) estimates the cost of the teachers pay settlement could push raise up by 3 to 4 per cent more than is assumed from the Government's

authorities had no change in grant, and only 49 losers. It was a much easier formula to defend politically. as the losers were nearly all Labour tive accounting. Some local authority spending in the current financial The key question now for the Government in general and Mr Rid-ley in particular, is whether the year has been funded by extracting each from special accounts and by similar methods. If these sources strategy will work. In the short term a rebellion has been averted, are exhausted, spending on the af-fected projects will have to be conbut real success or failure depends on what happens to rates in the tinued from the rates. The total mount involved is not known, but Mr Ridley's view is that most lo-cal authorities should have very low among the 40 authorities whose rate rises, or even cuts, provided they do not increase their spending rates have been limited, or

"capped", by the Government. So, a great deal will depend on the scale of rate rises in the spring. nistic. It is certainly regarded as If as the Government hopes, they unrealistic by some independent experts, including Mr Tony Traare restricted to low single figures. it will be excellent news prior to a

would not be nearly as complacent as the Government," he says. But if they are pitched at twice the rate of inflation it would be dis-The grant figures presuppose that local authorities will be spendastrous news for the Conservatives. that local authorities will be spend. Whether Mr Ridley has got it right ing in 1987-88 at or below this or wrong could be one of the deciyear's level in cash terms, taking insive factors in the outcome of the fixtion at around 4 per cant. This election.

Control of more Scots companies moves south

RECENT SHIFTS from Scotland to The issue of the loss of Scottish

much easier for the Government.

The main losers were the metropol-itan authorities, particularly Bir-mingham, Bradford and Mersey-

In all, there were 359 gainers, 18

next financial year.

by more than the Government's

vers, senior research fellow at the North East London Polytechnic. T

tions. But this could be opti-

from 80 to 63.

These figures, compiled by the switched from Scotland when the Glasgow office of the management headquarters move. growing concern in Scotland at the ransfer of control of Scottish com-

ear by the takeover of the Edinof Fraser passed into the hands of office or its head office to Edin-the Al-Fayed brothers in 1985 and ing only though its subsidiaries control of a number of smaller comcanies has moved to England in the est 18 months.

Atthough there have been a mumber of acquisitions of English companies by Scottish-based concerns is headed by Britoil, which had 1985 turnover of £1.79bn, followed by been dwarfed by the flow in the opposition.

Scotland.

England in the control of major control of companies is assuming companies has meant a drop of increasing importance among Scot-more than 50 per cent in the total tish politicians and business leadcepital employed by listed Scottish ers. Although the assets and em-industrial and manufacturing comployees of companies now conployees of companies now con-trolled from England remain in Over the past 18 months total Scotland, the loss of control and the capital employed by Scotlish company beacquarters panies in these sectors has falled usually mean a decline in demand from £4.72bn to £2.27bn, and the for ancillary services such as legal, number of companies has fallen accountancy, advertising and public relations, which are usually

In its latest issue, the Edinburghbased monthly magazine, Scottish panies to companies based in EngGuinness would have headed its an-Business Insider, points out that based companies ranked according surgh-based drinks group Distillers to turnover. But because Guinness gow-based textile concern Coats
Patons by Vantona Viyella. House ing only through its subsidiaries Distillers (ranked fifth) and Arthur Bell (18th), which produce two-

Britain 'is in danger of becoming slum society'

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

a slum society because of bad hous- prices they can afford. ng, said Lord Scarman, author of

an estimated £19bn needed to re-houses. pair public sector housing in Eng-land alone.

condemned to live in shums," said

habitation; and helping the home overseas rather than in the less young by providing more the campaign organisers.

the report on the Brixton riots, ple living in board and lodging acthe report on the Brixton riots, launching the UK campaign in the UN International Year of Shelter for the Homeless.

He said tackling the problem of Britain's 250,000 homeless people, 4m substandard and 1m unfit substandard and 1m unfit struction if a similar sum was spent on repairing and building new houses.

"Unless something is done to meet the bill for repairing our housing stock our own children and grandchildren will find themselves condemned to limit the provision of substantial capital resources for housing," said Lord Scarman.

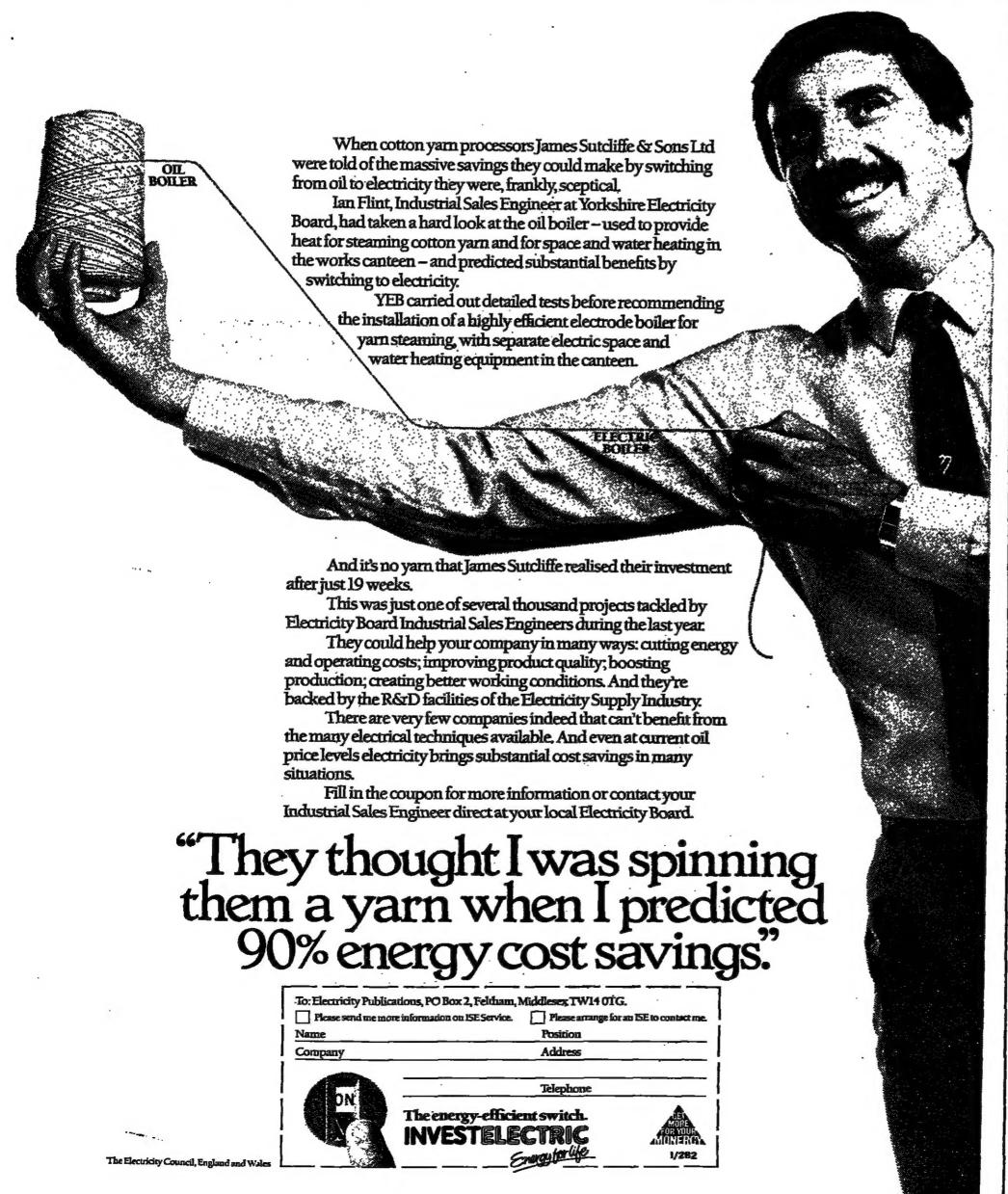
The Government must provide funds for repair and renewal and Three problems have been identified as priorities in the UK: ending reliance on temporary bed and breakfast accomodation for homeified as priorities in the UK ending reliance on temporary bed and breakfast accomodation for homeless families; improving housing for the 500,000 elderly people living in homes classified as unfit for human habitation; and helping the homeverseas rather than in the UK, say the compaign organisars.

Renold names new chief

BY NICK GARNETT

RENOLD, the Manchester-based UK. RENOLD, the Manchester-based engineering group which was the subject of a boardroom shake-up last October, has appointed Mr Trevor Grice, until recently managing director of the Frank Horsell Group, as its new chief executive.

Mr Grice, aged 45, was closely associated with the aggressive marketing and pricing policies of Horsell, the second largest supplier of lithographic printing plates in the



offshoots

Stefan Wagstyl writes.

DEAK MORGAN, an Australasian-

owned financial services company, is planning to buy the two metals trading subsidiaries of the former

Johnson Matthey Bankers group

(JMB), which was rescued by the

Bank of England two years ago,

Johnson Matthey Commodities

Ltd., which has a seat on the Lon-don Metal Exchange, and New York-based Johnson Matthey Com-

modities Inc were put up for sale in

October by the bank through Bar-ing Brothers, the merchant bank.

The bank has already sold almost all the other assets of JMB. The

bulk of the banking and gold bul-lion business went to Westpac of Australia in April. The sale price

for the two metals companies has not been revealed, but it is under-

stood to be in excess of their net

worth of about £19m.

Deak Morgan has two powerful

changed its name from Martin

Properties after it bought Deak and Co, a US-based currency and pre-cious metals broker, with retail out-

I SUPPORTERS of Mr Neil Kin-nock, the Labour leader, should

nock, the Labour leader, should have a working majority on the party's new National Constitutional Committee which will in future decide on the expulsion of dissidents including members of Militant, the extreme left-wing faction.

The leadership was last night claiming to have a margin of seven to four in its favors with only the

to four in its favour with only the three constituency party represen-tatives and one hard left trade

unionist in the minority. The committee has been elected to conform to the High Court judgment that the party's national executive com-

mittee should not act as judge and

The new committee will hear ap-peals against expulsions by local constituency parties and will deal

with investigations referred to it by

the party's national executive.

jury in such disciplinary cases.

A 150 11

18 To 18

not leaving before the expiration of

market leader, on January 1. Vauxhalfs increase follows one averaging 5.3 per cent in September, bringing the total over the past 12 months to 8.56 per cent, compared with 7.3 per cent for Ford over the same period.

Even though Vauxhall is heavily dependent on imports of both builtup cars and kits for its UK sales, its 12-month increase is, substantially less than that of some European and Japanese importers against the background of a weaker pound.

CI ELECTION of Sir Nicholas Goo-dison as chairman of the London Stock Exchange was confirmed. The first meeting of the council of the renamed stock exchange, the International Stock Exchange of the UK and republic of Ireland, also nislas Yassukovich and Mr Graham Ross Russell as deputy chairman.

D WESTMINSTER City Council have decided to appoint a managing director in a move thought to be without precedent in local govern-ment. Creation of the post - with a ment creamon or the post - with a salary range of £37,000 to £45,000 --is part of the Conservative-con-trolled council's push to introduce a corporate style into local authority

OVERTIME bans by pit managers in the Yorkshire coalfield hit production at 40 mines as work resumed after the holiday. The dis-pute began over fears of job losses in the coalfield. British Coal said it would not hold talks on the dispute until the managers returned to normal working.

I INSURANCE companies have asked for at least another year's delay before they have to start using the proposed new system for regu-

Their trade body, the Association of British Insurers (ABI), said they would face "horrendous" administrative difficulties in implementing the new rules. The rules have been devised by the Life Assurance and Unit Trust Regulatory Organisation (LAUTRO), one of the bodies set up to protect investors under the Fi-

nancial Services Act. They set strict limits on the maximum commission rates that companies can pay to insurance brokers and other independent intermediaries for introducing life and unit

Alliance row on defence post recalls policy split

Mr David Steel

BY PETER RIDDELL POLITICAL EDITOR THE disagreement within the So-

cial Democratic Party/Liberal Alliance over nuclear defence policy has partly resurfaced in a dispute about who should be the joint election spokesman on defence.

Dr David Owen, the SDP leader. has proposed Mr John Cartwright, the party's parliamentary manager, but he is opposed by leading Liberals who regard him as having been too close to Dr Owen in last summer's defence row and its aftermath.

Instead, Mr David Steel, the Lib-eral leader, has suggested Mr Bill Rodgers, the SDP vice-president and former MP, who sought to achieve a compromise in the joint atheve a compromise in the jung Alliance commission report on de-fence, and who is seen as more Alli-ance-minded. Mr Rodgers is him-self not seeking the defence post but is trying to avoid a dispute with his party leaders and within the Alliance.

principal sharebolders - NZI Corporation, New Zealand's largest in-Dr Owen has also made known his belief that a number of the key joint spokesmanships should not be held by those currently outside the surer which owns 40 per cent, and Ariadne Australia, a fast-growing Australian holding company, which owns 20 per cent. Deak last year House of Commons.

Some Liberals suspect that Dr Owen wants his own ally in the key defence post so as to be able to determine presentation of policy during the election campaign.



A further complication has arisen following the death a formight ago of Liberal MP Mr David Penhali-The defence dispute is only one of announcement of joint election spokesmen planned for later this month ahead of the London rally ingan, who had been pencilled in as employment spokesman in the eco-nomics team along with Social tended to launch the Alliance's pre-election campaign. Further talks will be held next week between Dr Democrats Mr Roy Jenkins and Mr Ian Wrigglesworth. Owen and Mr Steel

There had been calls by Alliance leaders for Mrs Williams to take over employment in view of her work in this area since losing her Commons seat in 1983. But there might be problems about having There has been argument both about the size of the joint team, which looks like rising from the original 12 to more than 25, and about the inclusion of Mr Rodgers such a post held by someone not an and Mrs Shirley Williams, who are no longer members of Parliament. MP and also not having a single

BBC focuses cuts behind camera

Charles Leadbeater explains the background to the TV broadcasting dispute

lations at the BBC in the 1970s tion. might best be summed up by the tithe of one of the most popular police series of the time - Softly, Softly.

A decade later industrial relations are being shaped by clear commercial imperatives. In the face of mounting financial and competitive pressures, the BBC is attempting to refashion working practices behind the camera to allow a growing proportion of resources to be directed into programme making.

For the foreseeable future the corportion's ability to raise income will be limited by the Government:

poration may well have to generate much of its revenue from a commerical "pay-as-you-view" system. At the same time the BBC is hav-

ellite, and cable television.

THE CHARACTER of industrial re- to be pegged to retail price infla- en our products. So we have to be earnings because overtime Beyond that in the 1990s the cor- era."

ing to invest in programme making to secure its position against the competition of direct broadcast sat-

"If the BBC is to survive, we have to be realistic about our income, which is politically fixed. The era of grievance is a 20 per cent pay crease in basic rates from higher buoyant income is over, says Mr award made to 700 London scenery productivity, started in January Roger Chase, the BBC's deputy di- workers in 1984, to "buy out" rerector of personnel. "Cost saving strictive practices According to the by three developments which refthe licence fee will stay at £55 till cannot be at the expense of pro- BBC, the pay and productivity lect the general commercial pres-April 1988, and thereafter it is likely grammes because that would weak- package did not increase gross sures on the corporation.

more cost effective behind the cam- shift payments were reduced.

This is the backdrop to the present dispute between the corporation and 500 electricians, which at midnight on Saturday turned into a strike after a gestation of two years. The BBC said yesterday that it was preparing for the dispute to last for

Nevertheless, the award rippled

through pay negotiations for the corporation's 5,500 weekly paid staff because other workers ery staff outside London, drivers, electricians - concentrated on the way they had been moved down the basic pay league.

Negotiations between the BBC and the EETPU, the electricians The source of the electricians' union, aimed at financing an in-

Plan to continue late-night television

BY RAYMOND SNODDY

YORKSHIRE TELEVISION plans to push ahead with a permanent late-night television service in the spring following the completion of a six month experiment in all-night broadcasting. Yorkshire has been broadcast-

ing the pop music satellite chan-nel Music Box throughout the night since August - an experi-ment which ended at 6am yester-

Between midnight and 2.30am liences varied between 350,000 and 750,900 but by 4am the numbers were usually too small to measure. Mr Cive Leach, Yorkshire's director of sales and mar-keting, said yesterday: "It's vi-able until about 2.30am but in the wee, small hours of the morning there may not be an au-dience that is commercial."

endent Broadcasting Authortependent iroancasting Authority for permission to extend its broadcasting hours after mid-night. Yorkshire had not yet de-cided how late it would like to

ences after 3am may not be large enough to justify the cost. The six-month experiment was

mixtures of programmes to see whether larger late-night audi-ences can be identified. One obvious option is to broadcast old

Mr Leach believes the experi-ment was a success and the in-formation obtained will help plan a regular late-night service which could start by April.

New editor appointed to Today

By Raymond Snoddy

MR DENNIS HACKETT, a specialist in relaunching ailing magazines, has been appointed editor in chief of Today following the resignation of Mr Brian MacArthur.

Mr Hackett joined Today in June as executive editor. It is believed the other main contender for the Today editorship was Mrs Angela Gordon, news editor of The Obser-

Since 1974 Mr Hackett has been a publishing consultant involved in relaunches at The Tatler, The Spec-tator and The Field and is credited with turning round the Mail on Sunday's colour magazine, You, af-

ter a disastrous launch. mew watchdog.

He did not rule out, however, the possibility that he might kewe the SIB when his term of duty there runs out at the end of May. Tame

Mr Hackett said yesterday of the progress of Today: "We are attract-ing a core readership of young, in-telligent, fashionable individuals who are interested and concerne about the world we live in, but like bit of humour now and again." Later this month Today will launch theme advertising on televi-sion aimed principally at attracting the 20-34 year olds in the BCI social

copies a day at the moment. The co-lour tabloid began distributing in Ireland, both north and south, on Saturday and hopes the numbers there will build from an initial

Touche Ross back statutory regulation

A GENERAL Audit Council, a new statutory body, should be created to improve the regulation of the audit-ing profession, according to Touche Ross, Britain's sixth largest

Touche is the first of the big firms to publish its formal response to last August's consultative document from the Department of Trade and Industry on the regulation of auditors in the context of the European Community's Eighth Di

improvement in the profession's communication with the public with, for example, a statutory re-quirement for firms to report all significant settlements of negli-

ence claims. Mr Michael Blackburn, Touche's managing partner, said yesterday. We believe that there is a level of public concern, and an appropriate response is to have a General Auditing Council. We think that is in the long-term interest of the auditing profession."

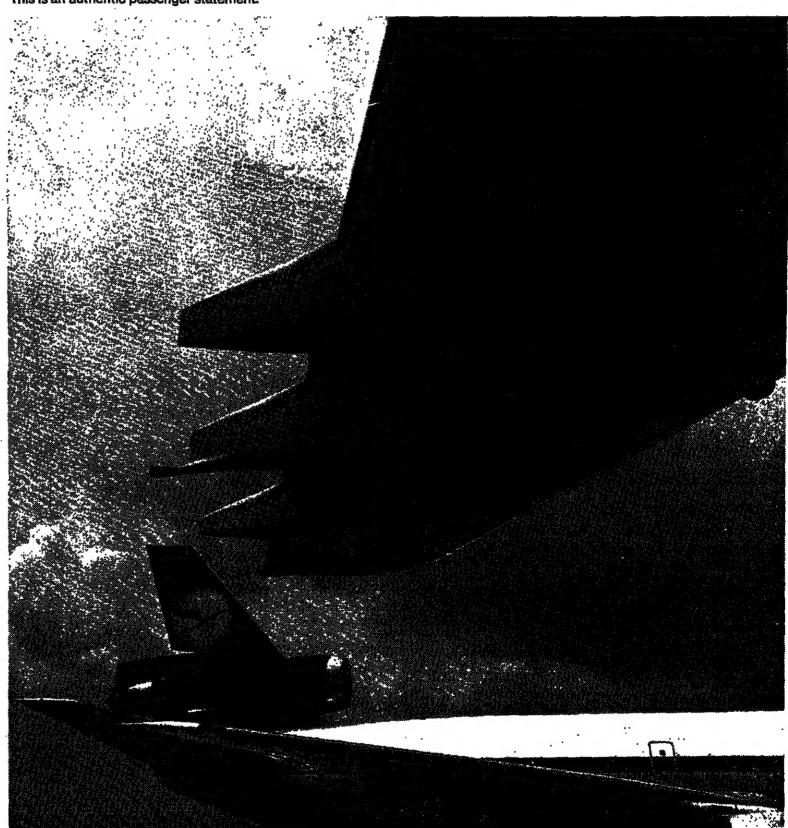
The GMC, according to the firm's submission to the department would provide a mechanism for conducting investigations and publishing the results, and would help the profession to reassure the public that regulation was effective.

The firm criticises some sugges tions in the consultative docume such as that audit business should be split away from other activities or that audit appointments should be compulsorily rotated every five years. These proposals were put forward to boister the independence of auditors.

Touche Ross says that such proposals would "hinder and not help the maintenance of high audit quality in the UK."

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due 1992

NOTICE IS HEREBY GIVEN, pursuant to the Terms and Conditions of the captioned issues, that USS 1 000 000 principal amount of Series A Notes have been drawn for redemption at 101% of their principal

The serial numbers of the 1 000 Series A Notes of US\$ 1 000 each, drawn for redemption and representing

The Notes drawn for redemption will become due and payable on February 6, 1987 together with accrued interest

Shipyard fails to win backing for Indian order

AN ABERDEEN shipyard has apparently failed to win government financial backing for a £150m Indi-an export order which it says would

Executives of Hall Russell, the warship yard privatised last March, are this week meeting Indian officials in New Delhi where they are competing with Singapore and Korean shipyards to supply offshore protection vessels to the Indian De-

nancial aid from their own govern-

They backed up their appeal with a letter to the Prime Minister. However, the Department of Trade and Industry, while not rejecting the request out of hand, says it sees no justification for approving aid. Officials said yesterday they had no evidence of government help for the Far East competitors, one of which, Singapore Ship-building and Engineering, issued a public denial that it enjoys government aid in this or any other proj-

Last month, they claimed their ri-al aid would also be inappropriate vals were backed with "massive" fi-for what is regarded as a military, rather than civilian, shipping order ments and that Hall Russell could Nor could such help be considered only compete on price with help until it had received a direct formal from Britain's Overseas Developrequest for it from the Indian au-

Motorcycle slump 'fault of makers'

for the collapse of the UK powered eler market, according to a survey of UK dealers by the Motor-cycle Retailers Association (MRA).

The trade fears that this year total sales could fall below the 100,000 mark, continuing seven years of de-cline from the 315,000 sales

The annual survey by the MRA, which represents the bulk of the UK retail trade, found that 77.3 per cent of dealers believed that new machines had become too expen

Japanese makers dominate the narket, with a combined share of round 90 per cent, and the main thrust of their competition has been to seek to outdo each other with

However, these have failed to imulate the market, while recent ly price have been forced tright: by the sharp appreciation of the yen against starting.

High unemployment in the 18-24 age group, the main purchasers of powered two wheelers, was ranked second as a cause of decline – but identified by only 58.7 per cent of

Writing in the trade publication Motor Cycle Dealer, Mr Neil Marshall, the MRA's economics advises who organised this year's survey says the suppliers have a hig enough stake in the UK "either to take a long-term view on rebuilding a significant new machine marke in this country, or to rethink their UK marketing strategy vis a vis the range and complexity of products imported into this country — or both.

The survey shows that fewer than one in three dealers expected profits to increase while about 40 per cent expected them to decline.

Car dealers extend financial services range

By Kenneth Gooding

THE 400 Volkswagen and Audi car dealers in the UK are to extend the services for which they act as agents to include life insurance, pension schemes, school fee say

ings plans and mortgages.
VAG (UK), the Lonrho subsidiary which imports the West German cars, already claims to operate the largest in-house motor insurance scheme of any of the major vehicle

Through its dealers VAG sells about 110,000 new cars a year and about twice as many used cars which, according to Mr Rodney Clinch, the company secretary, gives access to at least 500,000 po-

By the end of this month those ers will be offered a wide range of financial packages as well as the motor insurance, extended warranty and recovery schemes which VAG has operated for many

Dealers will put potential clients in touch with another Lonrho subsidiary, F. E. Wright UK, a Lloyd's broker, and in return collect

Mr Clinch said that VAG current by retains 85 per cent of its insur ance customers compared with an industry average of 60 per cent. We feel we can do the same with other classes of insurance." he said. The company has just wider its motor insurance programme to include cover for £25,000-worth of legal costs for third party and per-sonal injury claims, making no ex-

tra charge for the added protection.

awarded for sale of satellite pictures

Contract

tium has won an insportant con-tract to sell pictures of Western Europe taken from outer space,

Peter Marsh writes.
The pictures, taken from two
US Landsat satellites, provide inornation which can be used for mapping, military surveillance, monitoring of crops and the eval-

mation of mineral deposits.

The consortium, led by Hunting Technical Services, of Borehamwood, north of London, has en told by the 11-nation European Space Agency (ESA) that it can take over distribution of the data sent from space to three Eq-ropean ground stations. In the past, the ESA itself has been re-sponsible for selling the information, the higgest customers for which include oil companies, lo-cal authorities and military orga-

sortium are Telespazio, an Italthe Swedish Space Corporation, Spot Image, a Toulouse company which operates France's Earthmapping satellite; and the DFVLR, a state-owned aerospace research organisation in West

Chambers, managing director of Hunting Technical Services, the nies plan to set up a joint die the sales of the space data. The companies are still talking The companies are san tanking with ESA about the final details of a contract for selling the infor-

Sales of data sent to the three European ground stations -which are in Fucino, Italy; Kiruna, Sweden; and Maspalomas, in the Canary Islands – are very small, at less than Sim a year. ESA decided to involve an out-

de organisation in distribu techniques will increase sales. Eurinage, when it is properly constituted, will prepare a mar-keting plan and also arrange the details of a deal with ESA under which the agency obtains a share of total revenues.

ESA. The agency also has to pay a royalty on sales to Eosat, the received by a total of about 12 world. Total revenues for Eos joint venture between RCA and Hughes Afreraft, two US aero-

Silien a year. sales of Landsat data sent to the European stations does not begin to compensate for the cost of op-erating the equipment. This is paid out of ESA's budget of roughly 51bn a year, ESA chose the Hunting-led

consortium after inviting bids from outside concerns for running the receiving stations. The only other bidder seriously in the running for the contract was an-other consectium, led by Sodeteg, a subsidiary of Thomson, the

Doubts on British role in European space plan

PUBLICATION of a plan for Britain's activities in space over the next decade has been delayed, casting doubt over the degree to which the UK will participate in an important European programme, the development of the Hermes space

The plan, which was due for podication before Christmas, is now unlikely to receive the blessing of ministers until early February. Ministers have asked for more information from civil servants on how space projects fit in with other government research and development activities, and also on the like-ly commercial benefits arising from extraterrestrial ventures.

It is believed that ministers are also cautious about committing themselves to new programmes which would raise substantially the country's space budget. Britain spends on civilian space ventures about £100m a year, a total which could rise by 70 per cent by the early 1990s if all the elements in a draft space plan drawn up by civil servants are approved.

The cash is spent on projects

cations and observation, astronomy experiments and contributions to



Mrs Margaret Thatcher: keeping

the new UK spending envisaged by UK officials involves commitments to new European projects, which are administered by the 13-nation European Space Agency (ESA) and Mrs which include the design of the Columbus orbiting laboratory and continued developments of Europe's At ESA

Britain is still unable to tell the ready in the agency.

new European projects. This is a plan to design Hermes, a manual space vehicle which is due to reach orbit on top of an Arrane rocket.

Most of the other ESA countries declared an interest in the project last month, with work by industries in these nations starting as a result. The work is aimed at defining design details for Hermes, before a further decision due this summer on whether to build the craft at an estimated cost of £2bn to £3bn. Mr Geoffrey Pattie, the industry

minister responsible for space tech-nology, has been reviewing the draft space plan, drawn up by offi-cials in the British National Space Centre, since July.

Since then, other ministers, in-cluding Mr Paul Channon, the Trade and Industry Secretary, and Mr Kenneth Baker, the Secretary for Education and Science, have become involved in the exercise, with Mrs Margaret Thatcher, the Prime

At the start of this month the ESA expanded its membership by The most immediate result of the two countries, with Norway and delay in the UK space plan is that Austria joining the 11 nations al-

Company Notices

EUROPEAN **ECONOMIC** COMMUNITY ECU 50.000.000 11 5/8% 1983-1993 BONDS

We inform the bondholders that the redemption instalment of ECU 6.250.000 nominal due on February 7, 1987 has been satisfied by a drawing on December 9, 1986 in Luxembourg in the presence of an huissier.

The bonds will be reimbursed at par on February 7, 1987, coupon due on February 7, 1988 and followings attached, according to the modalities of payment on the bonds.

The numbers of such drawn bonds are as follows: 19.764 to 25.042 31.293 to 32.263

The bonds called for redemption on February 7, 1986 were as follows: 25.043 to 31.292

Amount outstanding after ECU 37.500.000 THE PRINCIPAL

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6th January, 1987 =

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We inform the bondholders that in accordance with the terms and conditions of the notes, the issuer has elected to redeem all of its outstan-1987 at 101,50%.

Interest on the said notes will cease to accrue on February 15, 1987.

The notes will be reimbursed, coupons nr 7 due February 15, 1988 and followings attached according to the terms and conditions

of the notes.

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NOTICE IS HEREBY CIVEN that SPECIAL GENERAL MEETING of 1 above Society will be held at the Register Office on Thursday 22nd January 184 of 9.15 e.m.

NOTICE OF MEETING

USSSOC.COO.DOC FLOATING MATE In accordance with the provisions of the Notes, Notice is thereby Given that for the interest period from December 31, 1985 to Jenuary 30, 1887 the Notes Carry an interest rate of 71% per centy in the interest payable on the interest payable of the interest payable on the interest payable payable on the interest payable payable on the interest payable paya

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FT 6 + 67 POSTCODE. TELEPHONE THE WHICH COMPUTERS SHOW IS THE SOLUTION

On and after February 6, 1987 the Series A Notes so redeemed shall cease to bear interest. As of this date, the outstanding principal amounts are: Series A Notes: US\$ 6 000 000.-Series B Notes: US\$ 94 117 000 .-Zurich, December 23, 1986

for the period from February 13, 1986 to February 6, 1987.

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West German venture capital

Cautiously prodding at a mentality

TVM, with the backing of the giant Siemens group, is a trailblazer in backing small ventures. Andrew Fisher reports

capital in Germany reflects the innate caution of the business world, where daring and adven-ture—though certainly present -are not words that spring readily to mind.

readily to mind.
Yet the concept is gaining ground fast. "The US has a long history of venture capital," says Peter Kaleschke, a managing director of Techno Venture Management (TVM), one of the earliest and best-known ven-"We don't have it, but in seven or so years' time, we see the potential for some of our investments to become big busi-

The managers of TVM and other such concerns in Germany are well aware that venture capital still has to be sold to a large part of the business community. Unlike the US, it is by no means embedded in the national corporate and financial

mentality.

Hence the tendency to adopt a not-too-aggressive, almost softly, softly approach in Germany. Not only was it hard to find the right managers to run venture companies like TVM, but the task of persuading hig German groups to invest also had to be tackled correctly.

Today, TVM, in which the giant engineering and electronics group, Siemens, has a major stake, has funds of DM 166m (383m) for investing in German and foreign comin German and foreign com-panies. Nearly half of this has

already been spent and TVM will be more or less fully invested by the end of next By the standards of venture capitalists in the US or UK, Munich-based TVM is going at a fairly cautious pace. None of its investments has gone bust. While this gives TVM cause for satisfaction, it has brought criticism from outside Germany that the investment policy is too circum-

"In the UK," notes Kaleschke, "people say it's too good not to have lost an investment, meaning 'you don't lose, if you don't dare'." From the UK or US point of view, he

IN THE fast-moving world of venture capital, West Germany has hardly progressed beyond the starting line compared with the starting line compared with the strides made in the US and not mean just losing money Britain.

The fledgling state of venture capital in Germany reflects the string after thorough investigation.

Since Germans are nothing if not thorough, the risk element is clearly diluted compared with the more freewheeling, often playful, spirit apparent on the US scene. But for an operation like TVM, adds Kaleschke, "It might be a positive sign that we have not lost an invest TVM has invested in 18 companies in Germany and one in Austria. Overseas, it has direct stakes in 15 firms, including 13 in the US. TVM has also invested in venture capital funds in the UK. US, Japan

In Germany, most of the investments have been in startups or firms just past that stage. The size of the injection ranges from DM 500,000 to DM 2.5m, and TVM's policy is to take only minority equity stakes, leaving the founders and man-agers of the investments with a responsible role. Where they or other skills, TVM puts in time to help them. On average, this amounts to around two days a week.

and Singapore.

Not surprisingly, the emphasis is on high technology sectors such as computers, elec-tronics, and communications. TVM was one of the first investors in European Silicon Structures (ES2), the microchip company set up in 1985.

With Siemens, also based in Munich, as one of TVM's share-holders, the electronics connec-tion might seem an obvious one.

The other partners in TVM are the Munich-based Matus-chka Group (headed by Count Albrecht Matuschka, an ardent advocate of financial and cor-porate innovation), TA Associ-ates of Boston (with which TVM co-operates in its US investments), and David Cooksey, a London-based venture capital



ICT, an integrated circuit test. this field have taken off. ing company. TVM now has a had to translate venture case and per cent stake in ICT, but is to everyone we talked to."

TVM relead its first DM: But TVM is at pains to stress ing company. TVM now has a its arm's length relationship with Siemen's, which holds its stake through VCB (Venture Spin-off, TPS, which makes data Capital Beteiligungesellechaft).

For a company the size of Siemens—its total research and development spending exceeds DM 5m a year—venture capital forms only a tiny part of its activities. But Siemens' executives insist that it is serious about venture capital, and not just flirting.

a London-based venture capital "When we started getting expert. TVM's management also has a small stake, "Mackenrodt, Siemens' vice Siemens played a key role president responsible for sub-

in helping to set up TVM, but the latter is only one of the group's venture capital activities. As well as investing in other funds or offering straight development contracts to promising young companies, it also has its own incubators style operation to prepare firms financially and managerially for the harsh outside world.

So far, two companies have been spun off from within Siemens own research departments after passing through the incubator stage. The first was like the speed with which incubator stage. The first was like the speed with which incubator stage. The first was like the speed with which incubator stage. The first was like the speed with which incubator stage. The first was like the speed with which incubator stage. The first was like the speed with which like the speed w

not involved with the second spin-off, TPS, which makes data processing control equipment.

For a company the size of and other top German con-cerns. Just under a year 480, the second DM 50m was raised from foreign institutions and industrial groups from the US,

> some conservative German groups," comments Mackenrout on the initial fund-raising.
>
> "The fact that German companies identified with something that might be cray or leave university and start their of exit possibilities."

unusual made it possible to obtain management trust, so that the whole thing was not seen as a possible disaster or a joke."

TVM is now well past the

stage of finding it hard to re-cruit the right managers—it has four managing directors and 12 full-time company experis— he adds. "Now, we get letters every week from bright young people." Before, people were frightened of leaving safe jobs with good pay and long holi-days.

The changed political and investment climate has stimulated interest in venture capital, with the conservative Government in Bonn-expected to be re-elected on January 25
—encouraging the development
of financial markets and easing companies' tax burdens. Also, high unemployment has caused young people to consider start-ing their own businesses and working outside the corporate establishment

"Entrepreneur is no longer a nasty word," says Kaleschke. "People now dare to go off and leave the bigger companies, or

own businesses." For investing companies like Siemens, ven-ture capital also offers an in-sight into new technologies. Other German groups like
BMW and Nixdorf have
developed strong venture
capital interests of their own.

The Siemens spin-offs have the same aim of combining an eventual profit with a so-called eventual profit with a so-called window on technology, the difference being that ITC and TPS—a third spin-off is likely in a year or so—sprang from in-house research projects. Siemens felt they would not become big enough to warrant further development by the group, but were promising enough to be given a chance enough to be given a chance

Since both TVM and Siemens' own venture capital activities are so new, it is too early to judge whether they will pay off handsomely or not. Kaleschke, himself a former manager on the acquisitions manager on the acquisitions side with Siemens, says TVM's investments in Germany are mostly near break-even, with some showing spectacular sales

Of TVM's funds, two-thirds (DM 108m) are being invested in Germany, or its German-speaking neighbours. The other DM 58m is going further afield, mainly in the US. As well as mamy in the US. As well as seeking prospects in the US, TVM helps its German companies gain a foothold there. Hellmut Kirchner, the TVM managing director in the US working with TA Associates, says the herdest task for young German accompanies is not the German companies is not so much entering the US market, but staying there with the right service and administrative back-up. "We do a lot of hand-holding."

holding."

TVM also helps its US companies if they want to move into Europe. On both sides of the Atlantic, its money is being invested for 10 years. After that, in the mid-to-late-1990s, venture capital should be an integral part of German business life. With more firms going public and stock markets being modernised to widen investors' interest, TVM may be able to float some of its choicest companies. For TVM choicest companies. For TVM to realise its investments, says Kaleschke, "we have to think

Alta Berkeley raises \$32m in its third funding

Once again, the three major fund investors are Citibank, Manufacturers Hanover and Harvard University, and investment policy is to continue to concentrate on the electronics

And health care sectors.

However it has been decided not to invest further in the US (where there are three investments and the key investors already have a substantial exposure) and perhaps to consider opportunities in Scandinavia for the first time. Existing investments are in the UK. Irish Republic, the Netherlands. Belgium. West Germany and Belgium, West Germany and France.

Since it aims to balance its portfolio, Alta Berkeley will be looking to back start-ups as well as established young companies which are seeking funds for particular developments.

VENTURE CAPITALISTS, Alta
Berkeley Associates, which in
the past three years has completed 27 investments in the
UK, continental Europe and the
US, has just raised its third
fund, this time for \$32m.

Once again, the three major
fund investors are Citibank,
Manufacturers Hanover and
Manufacturers Hano

In the electronics sector Alta Berkeley has put money into various software companies and others involved in such things as fibre optics—but no computer companies. Health care companies, which have absorbed the lion's share of investments, include those involved in include those involved in pharmaceuticals, advanced sur gical devices, orthopaedics and diagnostics.

Though UK-based. Alta Berkeley has raised most of its funds outside the country. This is in contrast to a number of other UK venture capitalists, though the more recent trend has been to internationalise the funding base and source of investments, with many funds the state of t showing a greater interest in The latest fund compares continental Europe.

BES feels the squeeze

closed (including open-ended pared with 18 at the same point in 1985 and in 1984.

The latest issue of the BES Magazine suggests that fund managers are already finding managers are already finding that the new 50 per cent limit on unencumbered land, building, plant and stock imposed by the 1986 Finance Act "affects many potential investments regardless of the type of business or its location." But the magazine does not lay sil the blame for the slowdown on blame for the slowdown on legislation. Among other reasons, it suggests, are that

expertise.

LEGISLATION has clearly had give rise to problems with the a substantial effect on the growth of Business Expansion Scheme funds. By the end of with expansion into overseas movember the number of funds the closed (including appropriate to the second of t scheme on research and deveschemes) was just eight, com-lopment, overseas subsidiaries pared with 18 at the same point etc, have not been back-dated to apply to earlier funded com-

The magazine sees this ab-The magazine sees this absence of back-dating as an anomaly giving rise to enormous complications for fund managers and it raises the question of why the Government seems "so fixedly" against direct retrospective application of any new legislation.

There appears, says the magazine, to be a rumour that the Government is going to put a limit of film for new shares some fund managers are limit of tim for new shares "having to spend their re- qualifying under the BES for sources in looking after their any single company. "This investee companies. Parti- will lead to a lively debate becularly where companies are tween the small firm lobby moving through growth phases, groups and those who believe the fund managers need to pro- that many BES investors will vide additional management not support the smaller firms without being able to diversify "The expansion may well into less risky investments."

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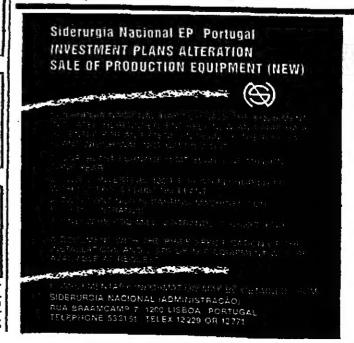
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Better surroundings bring greater sense of security

Peter Marsh reports on a more efficient way to stop criminals breaking into buildings or breaking out of prisons

GUARDS in charge of prisons and military installations may find their duties less onerous as a result of a new type of security system for detecting whether people are crossing barriers such as fences.

The cable in the new Guard-wire have installations may wire system uses a different principle. It is threaded with for ferrite-based material that act as the poles made in the poles are a pair of the poles are a pair of conductor wire threather with the equipment in the US.

The equipment, a set of wires which are linked to control boxes, may also have applications in protecting from intruders buildings such as banks or factories. The wires can be buried in brickwork or roofs and are claimed to be sensitive enough to detect vibrations are also be applications or factories. The wires can be processed to indicate exactly what led to the vibrations on Geoquip's behalf. Mr Alam williams, sales manager, says The equipment, a set of wires

Guardwire, produced by Geoquip, a company in Wirksworth, Derbyshire UK, the system appears to be a major advance on the type of wire-based security installations featuring coaxial cables which have been expile. cables, which have been available for about 15 years. Here the cable is fitted along the line of the perimeter that is to be protected, attached to a fence for example. Vibrations caused by movement trigger voltage changes, with the cable basically behaving like a microphone which can be analysed electronically to warn activities like a prisoner scaling a prison fence.

January 6, 1987

conductor wires, together with two inductor wires which are free to move in an air gap of about I mm.

and with all kinds of devices used to protect buildings and other installations. For example, a fence through which is threaded a security wire can easily vibrate in the wind, or because a small animal such as a rabbit has bumped into it. Separating such incidents from real plants can be difficult. real alarms can be difficult.

According to Mr Peter Elliot, Geoquip's managing director, Guardwire is more sensitive than coaxial equipment, as a result of the lower impedance (effective electrical resistance) of the magnetic system. It also produces fewer spurious signals in the form of electrical "poise."

Geoquip's claims for Guard-wire have impressed Del Norte. a security systems company in Dallas which has agreed to sell the equipment in the US. According to Mr Bill Lynch, marketing manager at the com-pany, Guardwire is "an advance

Williams, sales manager, says me system is a definite improve-ment on coexial systems, which are sold by companies such as Perimeter Products and Stellar, both of the US. "They (Geo-quip) have done an incredible job," says Mr Williams. the system is a definite improve

Guardwire cable is under evaluation at several prisons and military bases in the US. A typical system might encompass 6 km of wire, divided into six zones, each with its own box of electronics to interpret signals from 1 km of cable. The total installation cost would be total installation cost would be roughly £15,000, which accord-ing to Geoquip is similar to the cost of fitting a coaxial system.

about £500,000 and moved into security systems after initially specialising in instruments to register changes of capacitance in cable. This equipment is clude lengths of pipe buried underground which are filled with fluids. If anyone walks that carry signals in seismic surveys.

According to Mr Elliot, the Other systems use microwaves According to Mr Elliot, the total world market for external fence protection hardware adds up to around £5m a year, with coaxial equipment being the most popular system.

Guardwire will also be com-Geoquip has annual sales of peting with a range of ever

This advertisement appears as a matter of record only.



Other systems use microwaves or TV techniques, the latter involving sophisticated pattern recognition software to interpret images and warn whether people are moving through a

WORTH WATCHING

Edited by Geoffrey Charlish

WORM's eye view of the archives

Although CD-ROM (compac disc read only memory) is attracting much of the limelight in the optical disc arena, a British company, Computer a British company, Compiler and Aerospace Components (CACL) of Chessington, Surrey, emphasises that in most office applications, the WORM (write ence read many times) system is needed to meet accumulative archiv-

ing needs.
With WORM, personal computer users can write (or sean) new documents ento a disc. CD-ROM on the other hand contains a single, affect very large, slot of non-updaton the disc in a factory.
CACL has already sold its \$4,000 5.25-ineh WORM unit to British Petroleum, Unilever, Telephone Rentals, Saudi International Bank,

Britain's Channel Four television and the UK Govern-ment's Central Computer and Telecommunications Agency.
The CACL device, called
Intelligent Archive, is based
on a WORM drive made by
Information Storage Incorporated (ISI) of Colorado Springs in the US. CACL odds software and, for £7,000, offers a complete document image processing system which addresses both text and

images from a personal CACL's customers are using the 200,000 page per disc, easily-accessed capacity of Intelligent Archive to reduce the amount of office space taken up by paper and make information more more readily

IF ALL of the more reliable record 0.5m videocassettes in September, over double figure for September 1985. One problem, however, is that of falling prices. Some pre-recorded movies are down to well under £10 in some in-stances in London's Tottenham Court Road for example, to £4.

sources of prediction are cor-rect, the consumer video market in Britain reached a magic moment at the end of 1986. By moment at the end of 1988. By then, a little over 50 per cent of television households pos-sessed a video cassette recorder (VCR). This relatively new addition of hardware to the addition of hardware to the inventory of necessary luxuries for the Western family has achieved acceptance in under 10 years—a mere 35,000 existed in UK homes in 1977 against the expected 1986 total of 10.3m.

The video software

fast-forward button

industry presses

With the exception of Japan, the rest of the world has been slower in reaching such figures. According to Screen Digest's most recent six monthly arrey, among developed countries France still trails with a probable VIPP programment of columns of the still trails with a probable VIPP programment of columns of the still trails with a probable VIPP programment of columns of the still trails with a probable VIPP programment of columns of the still trails with a probable VIPP programment of the still trails w able VCR penetration of only 22.6 per cent by the end of 1986, and even the US is still well under the 50 per cent figure at about 45 per cent of TV homes.

Japan, the UK and to a lesser extent Australia. West Germany and the Netherlands, have led the introduction of VCRs but other countries are starting to make up lost ground. For example, in 1986 the anticipated annual growth of VCR installaannual grown of vont instant-tions in countries as economic-ally diverse as India and Italy was 57 per cent and 65 per cent respectively—still low in the actual number of video re-corders, but trying to catch

This is singularly good news for the suppliers of prerecorded programmes, which only a few years ago regarded the video market as an irritation rather than an opportunity. Now, however, a feature film can gross more from video sales and rentals than it can at the cinema box office.

Some measure of the size of the market for pre-recorded programmes comes with a claim from Walt Disney studios that Sleeping Beauty—a film first released 27 years ago—has so far sold in the US nearly 1m video copies at \$29.95 each. In the UK, the video duplicating houses worked round the clock to meet pre-Christmas orders, even having to sub-contract to continental duplicators. Market leader Eank Video Services despatched a

The industry is now getting into a slight dilemma over this price decline, the so-called "sell through" quick turnover market. Mr Steve Bernard, managing director of RCA/Columbia Video in the UK, predicts that in 1987 higher pricing for both sale and rental will begin to reappear for lead titles. Indeed. appear for lead titles. Indeed, the price of Sylvester Stallone's film Cobra has already hit the

What the pre-recorded video industry is doing is still trying to discover what the market will bear, and for which products. Prediction in this strange business follows few of the old



by John Chittock

norms of Wardour Street and Hollywood. Who would ever believe, for example, that a US trade publication—Home Video Publisher — could have uncovered, as it has, a list of the 12 top-selling video-cassettes on wrestling? And in the UK Vigin is selling 400 copies per week of Becoming a Family—a video introduction for expectant fathers and mothers. Part norms of Wardour Street and ant fathers and mothers. Part of the team responsible for this programme are also distributing —through Guild Sound Vision—another title that looks a winner, Gone Today . . . Here Tomorrow, a programme for managers on how to deal with the crucial subject of absentacions.

The video market is proving that anything goes, especially if it is something not readily available on television or in the cinema. And the more unusual the subject is, the higher the price it can carry.

teeism.

Indeed, the market for programmes looks as if it is now beginning to dominate the video business. But the hardware manufacturers are still fighting battles of their own

The good news is FERRANTI Selling technology

in efforts to tempt consumers to spend more.

This year will see increased nsumer demand for camera ssette recorders (CCRs). The consumer demand for camera cassetts recorders (CCRs). The battle lines are sharply drawn between VHS and 8 mm—the rival formats now available. Sony and its 8 mm supporters are about to be challenged more vigorously by the arrival of a generation of VHS CCRs which use CCD (charged couple device) image sensors instead of tubes; this cancels out a technical advantage which the Sony family of 8 mm cameras employed right from the start. JVC's new CCR, the GR-C7, despite using the larger cassette format of VHS—the de facto standard of world VCRs—is also smaller and lighter than Sony's 8 mm rival. But the latter remains a superbly engineered instrument, even down to the carrying case—whereas JVC's latest has been clumsily put into a difficult-to-open plastic case that appears to have been designed to be user-hostile.

Minor details such as

Minor details such as this may govern the outcome of hardware contests, where so often the best product does not always win. In the early competition between video-cassette recorder manuscripts. facturers, three non-compatible systems were in the race for consumer acceptance — Sony's Beta and V2000 better than Philips V2000 format. Many technical experts voted both Beta and V20000 better than VHS; but the latter has emerged supreme.

In the CCR battle for con-gumer hearts, however, JVC has a product which deserves to succeed—if only to preserve sanity in a world of proliferat-ing technical standards, However, it is a product which consumers could reject in favour of 8 mm simply for cosmetic and ergonomic

reasons.

For the consumer video business, it exemplifies how marketing skill could become more important than technological brilliance—just as in video programming creative excellence is not enough in the face of clever sales strategies. The consumer is now saturated with choice in both hardware sesson and proboth hardware system and programmes and it is the marketing men and the industrial designers who will determine the future.

US quick-step to polymer design

TAILORING TAILORING polymer materials to suit particular applications, in terms of mechanical, electrical and thermal properties, has usually been a matter of trial and error and can be both time consuming and expensions.

But now, a team at AT & T Bell Laboratories in the US has written a computer mode that will predict the proper-ties of a polymer. It is based on such factors as the tem-perature at various stages of manufacture and the poly-mer's molecular structure.

Furthermore, supplied with the results of just a few minutes spent testing the effects of stresses applied at various rates and temperatures, the model can predict the long-term behaviour of the polymer.

Engineering bodies agree to merge

THE PROPOSED union of two major UK professional engineering bodies, the Insti-tution of Electrical Engineers (IEE) and the Institution of Electronic and Radio Engineers (IERE), has been given an overwhelmingly positive vote by both memberships, The new 100,000-strong body, to be efficially formed on October 1, 1988, will be known as the Institution of Electrical Engineers and will be the largest UR chartered assignments.

Sears adopts Racal credit card system

engineering body.

The move has been under discussion for three years.

SEARS, the UK retailing group, is running 200 Racal credit card authorization ter-minals at Selfridges in London and several other of its stores. The Scars' scheme uses an ON/2 financial transaction processing software. system from Logics, the UK systems house, running on a fault-tolerant IBM System/88 mainframe computer.

After a customer's card has been "wiped" through the authorisation terminal it is computer-checked (against stolen card lists and credit limits for example). Billing and accounting then takes place and the customer is issued with a sales slip. The systems within the stores can communicate with stores can communicate with each other over the telephone networks provided by both Mercury and British Telecom. The System/88 can also exchange data with the IBM mainframe computer Sears uses in its credit administra-tion system.

After a customer's card has

A link with shape of things to come

GT Teels, a small Nettingham, UK company supplying moulds to the plastics indus-try, is using a Graphtek com-puter-aided design and manu-facturing (CAD/CAM) system with Sirect competition to with direct connection to a machining centre supplied by Japanese - based Yamazaki Japanese - based Machinery (UK).

such has are som restrictly unusual in the UK, although most of the union GAD/CAM companies offer them. GT Tools says that its system allows it is socept more complicated mould design work cost effectively.

Graphical information about the part for which the mould is to be made usually arrives at GT Tools on a magnetic tape recorded using IGES (initial graphic exchange specification, a widely accepted standard for the exchange of CAD data). The tape is fed to the Graphtek equipment where the meula can be designed round the part.

CONTACTO: CACL: UK. London, 327 5311. Logica: London, 637 9111. Bell Laboratorica: US. (201) 504 4097. Yamataki: UK. office. 0805 57024. The IEE: London, 240 1871.

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Two out of season gems

catch the general eye with any major new departure or initia-tive. But there is no gainsaying optimism or perversity, or per-haps the bare exigencies of the timetable, and it so happens that the few weeks before Christmas saw two substantial additions, enhancements even, to London's galleryscape, which each at another time might have commanded immediate

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to be made the first act, originally a

The first act, originally a limit of leisurely exposition in the Crusoe arised home of the Crusoe and ittle dialogue, is compressed into a prologue. Bernard and ittle dialogue, as exposed arised bayde's skeletal set shows a set the crusoe are well as the

ake. The rest (with delightful

The earlier of the two was at the Royal College of Art at the very end of November, where the remodelled and extended ground floor of the main tower on Kensington Gore was officially opened at last as the Henry Moore Gallery. It is a manifestly useful space, with plenty of natural light, open and adaptable and even handsome, given that it has been converted rather than designed from scratch. Sculpture smits it particularly well, and for it to be named after the college's late and most distinguished alumnus is no less appropriate than it is obvious. than it is obvious.

The inaugural exhibition is

indeed of sculpture, an elegant familiarity, the greater surprise and succinct retrospective of and pleasure in this show are

with many exhibitions and galleries hung over, as it were, for demy's Professor of Sculpture. College and the Royal Acabacheries hung over, as it were, for demy's Professor of Sculpture. The holiday, with the new season are proper still a week or two away. The material is for the most play in the museum, and here proper still a week or two away. Part metal of various kinds, animals and fish on displaying the museum, and here worked more by forging judicing the shows about 30 of the larger studies. They are not merely beautiful drawings in themis much of the smith to it, in the way such intractable stuff is analysis we no longer reasy twisted and beaten to the expect our artists to command artist's purpose. The imagery They evince an understanding is ambiguously abstract, for of form and structure, disciplined and analytical, which can be called old-fashioned. reference, it is yet persistently and oddly figurative by associa-tion. The ideas which inform so much of the work may be characterised by such ready sculptural generalities as poise

> gloss them by reference to the animal and vegetable worlds; stems and branches, bones and Kneals openly acknowledges the connection by the most direct of means. He had been a painter before he took to sculpture as his principal medium of expression, and while that later and substantial body of work is in no sense diminished here by comparative



Bryan Kneale and Ring 1975

This is inevitably as miscel-laneous a time of year in the art world as it is elsewhere, Sculpture School at the Royal the last year or two he has been earlier work especially, there plished in ways of seeing, as is much-of the smith to it, in well as habits of study and though in the best sense. For which takes us back to Stubbs and his striped horse carcasses, and beyond to Durer and for me is of the skulls of three of the higher spes, but closest to the sculpture seem the spindly herons and famingoes. The show's run has been articulation, real or potential, but the imagination is quick to

> The Toshiba Gallery of the Victoria and Albert Museum was opened by Princess Alex-andra in the week before Christmas. The name rightly acknowledges the generosity of acknowledges the generosity of the sponsoring corporation—it is not only the eye-catching temporary exercise that calls for enlightened support. The V and A is extraordinarily rich in its holdings of the applied and decorative art of Japan, especially of the Edo period, which lasted up to 1868. The mass of the material was acquired direct by commisacquired direct by commis-sioned and comprehensive pur-chase in the late 19th century and then by bequests of special-20th century. But no primary gallery in the museum was ever gallery in the museum was ever made available for any adequate display, and no more than about 5 per cent was ever regularly on abow.
>
> The new gallery is effectively an integral structure designed by Paul Williams and dropped into room 45, one of the main, high Victorian exhibition balls. Its significance lies not simply

Its significance lies not simply in the opportunity it now affords to show, at 15 per cent or so, a healthler fraction of the whole, but in the more oherent and rational representation of the collections. The displays, of course, will be changed from time to time, shifting in emphasis as the range of the material is



Kimono for a Child, 18th or 19th century

by chronology and category in the quiet and scholarly way of museum orthodoxy. It may be too quiet for some tastes wishing for more obvious entertainment. But even so, it is informed by an unforced didacticism, as all such museum exercises must be, and backed up in this case by an excellent book. Japanese Art & Design (V. & A, £9.95), edited by Joe Earle, the keeper of the Far Eastern Department, is closely based on these collections and is beautifully illustrated in enlour. But the emphasis in the Toshiba Gallery is placed not so much upon exposition and esign, lib Bellew, John education as such, but properly upon the objects in the show-eases seem at the works of art the servers. upon the objects in the show-eases, seen as the works of art they are, from the sarly ceramics and metalwork, the Buddhist sculpture and samurai armour, the furniture of the tea ceremony, the lacquer and porcelain, the wood-block prints and the ravishing kimonos, at last to the lacquer and ceramics of the contemporary Japanese

The Cornerbouse in Manchester is not new exactly, but at little more than a year old it is already a major provincial institution. Of its three current exhibitions (all until January exhibitions (all until January 18), two are concerned one way or another with the domestic interior. No Place Like Home is an enjoyable anthology of work by 15 young artists who find their imagery and material quite literally at home, though they can hardly alaim the criticalities as their discovery. The collective rationale, therefore, is less convincing than the individual works taken But this first display is itself than the individual works taken nomprehensive enough, set out simply as painting and sculp-

its lighter moments too, but is altogether a more thoughtful and coherent exercise. Its subject is craft and design for the home, its intention to link old and new, the anonymous and the personal, by historical continuity and common procecupation. Three writers on craft and design, Ib Bellew, John Houston and Peter Dormer, were asked to make their personal selections on particular themes—form and function; the chair; the mass-produced and the one-off. And five designers or makers, Arion Bayliss, Alison Britton, Jim Partridge, Michael Rowe and Daniel Weil, made further selections within their own disciplines—glass; ceramic; wood; metal; plastic. The critical idiosyncrasy that thus declares itself is the more stimulating for being so various and serious, too.

The third show, The Oldham.

various and senious, too.

The third show, The Oldhom
Road is of colour photography
by Charlie Meecham. He is a
deceptively accomplished topographical photographer, for his
approach is consciously
undemonstrative and detached,
and the strength of his work is
notified to show itself only by and the strength or his work is inclined to show itself only by accretion and comparitive display. Back-to-back terraces, new roads, dumps and demolition sites, old factories, corners of new estates, all come together within his improvemental terraces. ironical monocular

Opera in 1986/David Murray

Producers hit extremes

gift for casting - that a young

Two Handel revivals deserve recalling. Though he composed in England, Handel's terms are

founding the English belief that what an opera is about doesn't matter. Teseo is a particularly

stately and undramatic example.

English Concert had an easier

task, relieved of stage pretence, but with Felicity Palmer as

Our music critics complete their

assessments of 1986

"rethinking"—staging an opera in wholly unforeseen terms that may somehow recapture

the work, at least in its essential impact, or may simply leave it void. I met no pure example this year, but Pierre Strosser's Idomeneo for Aix came closest:

with vast mirror-class screens and catatonic movement it ren-

cent and tenderly human. The Alx Don Giovanni had another

such stylish consistency.

Serious opera-lovers will put up with a lot, and on balance the operas I saw this year prompted no more gritting of teeth than usual. What has to multinational cast delivered the opera with such feeling and be full up with varies over the years, of course. I should guess that we suffer much less nowadays from ropey little orchestras, inadequate supporting solists and routine ham foreign now—partly because they were then; he composed Italian operas for London, acting, more from egregious producers and from the allpurpose singing style that goes with continual international ensagements before audiences who don't understand the words. Whatever the merits of the familiar, doubtful claim that music is an "international language," it isn't true of opera though beautiful, and the English Bach Festival did it proud. With Solomon at the Proms Trevor Pinnock and the anguage, it isn't true of opera
-not so far, anyway: at best
there are ways of making it
more or less accessible (or at
least effective) to foreigners.
An opera has a dramatic text,
and that net only comes in a
specific language but trails a
specific language but trails as whole dramatic tradition behind it, even when it means to flout it Only very old persons can still believe that opera is basically setpiece-songs sep-arated by recitatives, and the

arated by recitatives, and the dramatic action a mere prop.
In these multinational days, that's the rub—how to present the action. Operas used always (except in eccentric Britain) to be given in the local language, and since they came in standard theatrical forms—light comedy. Storid melodrama, mythological epic—a standard house-production could (with an established company) be durable for decades. The stage an established company) be durable for decades. The stage terms anumed by the com-poser needed no translating; very few operas ontlasted their composers long enough to become theatrically dated. But now almost the whole reper-toire is dated in that sense But now almost the whole reper-toire is dated, in that sense (and the charms of pure mas-sive spectacle have faded in the glare of modern entertain-ments): it is no wonder, and no perverse chance, that pro-ducers have moved from back-stage amonymity into the lime-light And of course. We get light, And of course, we get extremes.

trendy set, an irrelevant, domineering nuisance, but it also had a spirited male cast (females less happy) led with great dash by Gino Quilico and the ripely comic Jean-Philippe Lafont. extremes.

One extreme is "authenticity", the impossible but valuable aim of recreating an opera in its original performance-style (impossible because you can't recreate the original audience). At the Bath Festival, and later in London, Roger Norrington's Early Opera Group tried that with Monteverdi's Origo (possibly the oldest opera of all). The Early Minsic movement has made remarkable strides, and the purely musical realisation was At the Collseum David Pountney did wonders with Busoni's Doctor Faust, which attaches deeply interesting music to a theatrically deficient libretto. Some Busoni devotees thought the production flashy; It was, but it also displayed marvellous ingenuity in keeping the pieces alive on the stage, to the benefit of the musical public. Thomas Allen markeds strines, and the purely musical realisation was brightly persuasive. Monteverd's rigorous concern with the words was not, however, well matched by the company's sketchy Italian, nor was the grant important of Persia. and Graham Clark were heroically resourceful as Fanst and his Mephisto. The Coliseum ng mepaisto. The Collectin Parsifal, produced with some careful insight by Joachim Herz amid clumsy sets, de-pended finally upon faultlessly old-fashioned conducting by Reginald goodall, serene and pobly passed. general impression of Renais-sance performance well filled out by their British decorum (Guy de Mey's Orfeo scored much higher on both counts). nobly paced.

At the Royal Opera another

At the Aix Festival Jean-Claude Benchemat's reconstruc-tion of a less elevated work, Campra's "tragedis lyrique" Toncrède, was bolder. With the score in the hands of another period expert, Jean-Claude Malgoire, he helped himself to At the Royal Opera another Wagner, Fliegends Hollander, and ensembles turned up turned well. Mike Ashman's strenu-ously sincere efforts to detach the opera from its a-political, early Romantic premises also modern stage-tricks - and psy-Romantic springs; its haunted passion and desperation evapocological detail — without apology, but the production conveyed the pungent air of a long-ago, alien genre. The words rated in the marine light-industry setting, and neither tonyago, alien genre. The words were made to work (for the French audience), and Penchenat tapped the rich French vein of flamboyant gesture—something utterly defunct in Britain—to faithful effect.

Rossini's early Tamcredi (different chap, different myth) boasted almost as convincing a period style in the Wexford Festival version conducted by Arnold Ostman, which was transported to the South Bank for one night. By many accounts, it gained by having had to leave most of its stage cast nor conductor had the authority to summon them back. Berg's Wozzeck fared little better at the hands of Liviu Ciulei, for the Welsh National Opera. Berg's score, still "diffi-cult," is at once defiantly clever

wexford visits from now on. It duction of Verdi's Simon Bocca-must have been Ostman's doing negra, very straight, was crip-on top of Elaine Pasmore's pled in the grander scenes by the cramped stage, and there was little compensating detail in his directing of the principals. At Covent Garden Vis-conti's time-honoured version of La Traviata foundered upon wildly injudicious casting, where John Schlesinger's moderately ingenious version of the Offenbach Hoffman — less starrily cast than before — recaptured the ambigious glitter and moral frissons with a fine

> Michael Hampe's soft-grained production of Rossini's Barbiere was variously enlivened by Quilico's shamelivened by Quilico's shamelessly engaging Figare and the
> disconcerting honesty of Ann
> Murray's Rosina. Fuccini's
> Turandot, more aggressively reinterpreted by Andrei Serban in
> the distancing terms of formal
> Oriental "opera," again took
> very well to that treatment,
> which diminishes the sadomasochism Puccini loved without sacrificing the dramatic
> energy of the fable.
>
> Down the road again at the
> Coliscum, Graham Vick's idlosyncratic, sober staging of
> Britten's Rape of Lucretia made
> its mark once more with a uniformly committed cast. The
> Mary Stuart revival acquired
> piquancy, at least for the first
> three performances, by having
> a last-minute Mary—the Greek
> soprano Jenny Drivala—who
> sans in obscure Italian and

cast and Charles Dutoit in the

s last-minute Mary — the Greek soprano Jenny Drivala — who paque, while boasting the demeanour of grave seriousness. Poses, a world away from Jane
For the Paris Opera Zauberflote Monloup's decor was as Janácek's early Osud is still a
relentlessly chic, but a strong riveting experience in Pountcast (prepared by Hotter and
Roxdestvensky)—notably Vinson Cole, Danièle Borst and
Hakan Hagegard—defied it to
make the drama vitally innocent and tenderly human. The perfectly loyal. Jonathan Miller has turned The Mikado miner has turned The Mikado into a dismissive joke about stage-Oriental jokes: where Gilbert's original notoriously survives repetition, Miller's is only a one-off lampoon — but good enough to earn well-deserved money for the ENO.

> Non-operatic music continued to flourish thickly, if unevenly. All the over-numerous London All the over-numerous London orchestras, as well as the Hallé and Simon Rattle's City of Birmingham Symphony, offered some performances of distinction; there were also occasions when the London vice of underrehearsal was undisquised (particularly with the London Symphony). We are losing Abbado to Vienna, sadly, and the prospect of more years of Sinopoli is no consolation. Among younger conductors Simon Rattle stands out for sharp insight and a knack for generatwith another half-dozen of him.

There were some series of great achievements—the Borodin's Shostakovich quartets, Hermann Prey's Schubert programmes, Mitsuko Uchida's Mozart con-certos with the ECO (crowned by an inspired K 595), Easier to of Mark-Anthony Turnage (festured at Bath), the (featured at Bath), the recherche feast at the Almeida Pestival, Robert Saxton's new Viola Concerto for Paul Silverthorne at Cheltenham, a oult," is at once defiantly clever triumphant bicentenary celebration of Weber by Norrington and his "Age of Enlinghtenvisual inventions, evidently well-meant, drew constant attention to themselves, often ran behind or ahead of the music and turned the tragedy of social deprivation into a conventional tract about bourgeois phypocrisy.

Less radical productions Kremer and András Schiff did hypocrisy.

Less radical productions Kremer and András Schiff did achieved much the same balance of hits and misses.

Peter Hall's Glyndebourne pro-

Robinson Crusoé/Opéra-Comique, Paris

tactor to the Robinson Crusof, one of cut-out jungle scenes by with the recent Offenbach's determined Daydé) is more or less as we know it. On the whole, the state of the Company of the Salle of the S Market this are favor after nearly 80 years.

In the product all a London, meanwhile, has done are from the model comething to atone for Parisian are from the model comething to atone for Parisian are from the model of the model of the productions. ing the disparate opera-buffe and opera-comique elements, not so well balanced in Robin-son as in Les Brigands, now on show at Geneva. Dhery is an intensely physical

producer whose visual gags and puns explode all over the stage. If he wasn't blessedly innocent of producers' notions of digging for contemporary parallels, one might be distracted rather than might be distracted rather than delighted. The standard in Robinson is not as high as in the memorable Vive Offenbach I triple bill he directed at this theatre a few years ago, and the material is not so rich. Yet once again the fun is hilariously swift, and inventive, with heintrigger times. hair-trigger timing.

The score, in which Offen-bach, after years of writing for small bands in pocket-size theatres, was suddenly granted a normal orchestra and let him-

needs more than the average light tenor can always give. Gerard Garino has the voice and uses it, but he remains a lay figure. Not for the first time, Man Friday (amezzo) comes off best, in a winning disarmingly natural performance by Cynthia Clarey. Danielle Borst is the strong, handsome Edwige.

self go, is in the safe hands of This is a great improvement on people laugh at him. Raimondi Michel Tabachnik. The title-role the twee, folksy production by sings with sweet smoothness needs more than the average Ustinov mounted here in 1974. like a velvety cello, meeting Ustinov mounted here in 1974. like a velvety cello, meeting Faggioni, as usual his own designer, uses the same style as his well-remembered Cormea. A solid architectural basic set, in this case a village barn of grand proportions with an inn-gallery and wide doors with changing prospects to mark different locations, is bathed in dreamy michiness. As in Cormea a lawys striking Hanna Schwarz is a shade too hard for this Faggioni, as usual his own

some competition from the Opéra's solo cellist. So wrapped

Marie-Christine Porta and Christian Papis fill in agreeably as the secondary couple, who have good things to sing. Jim Cocks, Bristol boy turned cannial cook, is ripely done by Michel Trempont, mysteriously sporting a thick Belgian accent and promising, when the pot, soutersoo for supper. The result is "beautiful," and visition have decided who is for the pot, soutersoo for supper. The tropical island boasts a choice assembly of wild beasts.

The Opéra has been giving Massenet's Don Quichotte in a luxurious staging by Piero in Faggioni shared with Venice.

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In the Opéra has been giving Massenet's Don Quichotte in a luxurious staging by Piero in the Company of the properties of the efficient, always striking Hama Schwarz is a shade too hard for this is 2 shade too hard for this is 2 shade too hard for the long striking Hama Schwarz is shade too hard for this is 2 shade too hard for this is 2 shade too hard for the long striking Hama Schwarz is a shade too hard for the long striking Hama Schwarz is shade too hard for the long striking Hama Schwarz is a shade too hard for the long striking Hama Schwarz is a shade too hard for the long striking Hama Schwarz is a shade too hard for the long striking Hama Schwarz is a shade too hard for the long striking Hama Schwarz is a shade too hard for the long striking Hama Schwarz is a shade too hard for the long striking Hama Schwarz is a shade too hard for the long striking Hama Schwarz is a shade too hard for the long striking Hama Schwarz is the long striking Hama Schwarz is chowed in the Decea recording, t

Arts Guide

Manke/Monday. Opens and Bellet/Trimming. Thereba/W day. Eddibitions/Thursday, A selective guide to all the Aria appears such Friday.

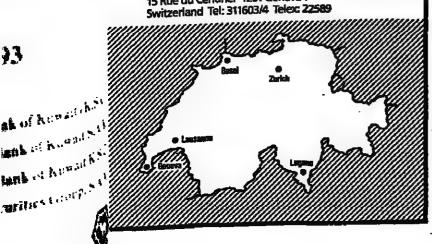
January 2-8

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Opera and Ballet

conducted by Richter, La Boheme conducted by Mackerras with Freat,

Fiedermans conducted by Neuhold with Ghazarian, Demesch, Lind. (51 444/26 55).

Volksoper: Madame Pompadour enti-darted by Bibl; Der Opernball con-ducted by Boncompagni; Die Fieder-mans conducted by Bibl. Royal Opera House, Covent Gardent The Royal Ballet continues its per-formances of The Nutracker. eyal Festival Helf: London Festival Ballet gives daily performances of The Nuteracker.

MEW YORK edier's Wells, Rosebery Avenue: Sud-ler's Wells Royal Ballet continues its season with The Snow Queen in-

Metropolitan Opera (Opera House):
The week features Rigoletto conducted by Thomas Fulton in John Dexter's production with Mariella Devia, Sherrill Milnes, Dano Raffanti and Dimitri Kavrakov, Le Boheme conducted by Julius Rudel in Franco Zeffirell's production with Leona Mitchell, Barbara Daniels and Brian Schemayder, Die Fiedermans conducted by Jaffirey Tate

with Kiri Te Kanaswa, Tatlana, Troy-ance and Otto Schenk in Otto Schenk's production; and Madama Butteefly conducted by Gisanfranco Maximi in Renata Scotto's staging with Miss Scotto, Vasile Modoveanu and Lema Cadema Lincoln Conter-

New York City Ballet (New York State
Theater): Following the final seesural performances of The Nuieracker, the company's 85th season
continues with repertoire by Balanchine and Jerome Robbins, including two of last spring's world primieres by Bobbins, Quiet City and
Piccolo Balletin, Lianola Center
organican

Fishington Opera (Terrace): The com-pany's seeson at the Terrace Then-

tre features Don Pasqule in a new production by Douglas Wager con-ducted by Cal Stewart Kellogg with Francois Loug in the title role, Pam-ela South as Norina and Gran Wil-son as Ernasto. The 1882 English-language production of The Abduc-tion from the Seraglio returns one-ducted by Arnold Ostman with Joyce Guver as Constanza, David Joyce Guyer as Constanza, David Knebler as Belmoute and Kenneth Cox as Osmin. Kennedy Center

CHECAGO

Lyric Opera: Lotfi Mansouri's 1981 production of The Merry Widow continues with Maria Ewing in the continues with Maria Ewing in the title role, Alan Tites as Prince Denilo and Jerry Hadley as Camille de Rossillony, conducted by Baldo Pod-ic. (332 2244).

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Martin Hoyle

Three years ago Théâtre de Complicité's first show, Put It On Your Head, struck me as quirky, painstaking, ingenious and mildly amusing; worthy rather than exciting. Since them, the company has played all over the world, won awards galore and become something of a cult. Now at the ICA until January 10, they emerge as more ingenious and polished January 10, they emerge as the pouring tea over Mum more ingenious and polished and slashing them with a knife than ever; but, despite the loyal as they gabble on regardless, hordes evidently on the same The two women, Celia Gore wave-length, to this spectator at least no funnier than before.

That tawible harmonic is a special of the same wave-length and before.

That tawible harmonic is a special of the same wave-length to this special of the same wave-length to this special or the same wave-length to east no funnier than before. are genuine drolls, the one That terrible hangover from aggressively firm-jawed, the French mime training, the tendency to exalt strutting and smirking to the level of High Art, is at least giving way to a more English comedy of social more English comedy of social incongruities manifested by weller's design boasts beds, physical clumsiness. (There is kitchen furniture, and a backeven an unwelcome hint of ground of washing hanging up Norman Wisdom in beady-eyed which expands to provide the Simon McBurney's rubber- evening's most potent theatrical limbed convolutions.) The final image. The sound of a howling impression of the horribly- tempest accompanies the bilaccented lower middle-class family here depicted—scrawny Mum with hair in curlers, flabby brother Ken, gormless girliend and solid Dad—is of Mike observation and hints of unease through the distorting vision of the abbreviated version of wimp Malcolm and his flashier formula the distorting values of the distorting wife my report on the Manchester Royal Exchange's Country Wife

lowing of a vast groundsheet (the front row are press-ganged into this) and the world turns white and cold. Otherwise the

deeply patronising.

The performers are effortomitted the name of the director, Nicholas Hytner, besides vide the noise of creaking doors, the music of Jeremy Sams, as loose floorboards and sliding spikily sombre, stylish and sash windows. On opening an menacing as punk itself.

Tuesday January 6 1987

South African elections

PRESIDENT P. W. Botha has decided that in the next few Indian community shared much has be nextly of the disillusionment. Less

and gags the opposition parties, both right and left. The outcome is likely to be a comfort-able victory for the ruling National Party but it will be

white voters, will use it as the basis for reviving the reform process. Since May last year, when he sabotaged the Commonwealth's efforts to status has indicated a willing-initiate talks between black leaders and the government by attacking alleged African posed to provide a forum for National Council (ANC) bases in neighbouring states, the President has been assuaging the fears of the extreme right multiracial local government in the joint province of Natal and in neighbouring states, the President has been assuaging the fears of the extreme right

The purpose of the election, The purpose of the election, it seems, is to consolidate National Party power and to heal the rift in Afrikanerdom created by Mr Botha's early cautious reforms. He also may be seeking to defuse expectations amongst black South Africans that the end of white Vision unclear

Mr Botha's vision appears to be evolutionary change, over a period measured in decades rather than a few years. The timescale is unrealistic and the

The election and the circumstances surrounding it reflect Mr Botha's mishandling of the South African crisis. It was the constitution itself, endorsed by two thirds of the white voters in 1983 and introduced the following year, which con-tributed to a mood a growing despair amongst blacks. This soon turned into the most sus-tained onslaught the National Party has encountered since it came to power in 1948. The exclusion of blacks from the new tricameral parliament, with separate houses for whites, Indians, and Coloureds (mixed race), ended any faint hopes that Mr Botha's concept of reform included blacks in the central severament.

decided that in the next few Indian community shared much months he will put his party's of the disillusionment. Less popularity to the test of a general election, confined to the country's white voters.

The circumstances are inauspicious. Violence in the coloured leader, auspicious. Violence in the country, which has cost over Indian politician. Mr Amichael become endemic. Harsh press censorship conceals much of the unrest from the world, and gays the monosition parties.

Rotha warned

This week Mr Hendrickse warned Mr Botha that his party National Party but it will be a hollow achievement, for it is unlikely that Mr Botha will emerge with a mandate for anything other than defiance.

There are no grounds for believing that Mr Botha, armed with an endorsement from the white voters, will use it as the basis for reviving the reform process. Since May last year.

Warned Mr Botha that his party was prepared to pull out of parliament unless the conservations of apartheid, including the group areas act which provides for residential segregation, were abolished. The president thus enters the election with his constitutional with his constitutional that he party was prepared to pull out of parliament unless the corner-stones of apartheid, including the group areas act which provides for residential segregation, were abolished. The provides for residential segregation were abolished.

the joint province of Natal and Kwa Zulu, although still under consideration by the govern-ment, were immediately rement, were immediately abuffed by a senior cabinet

Whatever legitimacy Mr Boths may establish for himself in the eyes of the white elec-torate, to the outside world tittle is likely to have been changed by the election. It is thus probable that, in the coming months, the sanctions campaign in the front line states will gather force. There is a danger that the National Party, finshed by its likely victory at the polls, may retailate. South Africa's ports and religious and religious control of the state o

and railways carry much of southern Africa's trade. The front line states, mem-bers of the Southern Africa Development Co-ordination Conference (SADCC), are aware of their vulnerability and have been speeding up efforts to rehabilitate the existing alternative outlets through Mozambique, Without through Mozambique, Without such alternatives the potential for disruption in the region is enormous. Limited support has already been given by the West to the "rehabilitation programme carried out under SADCC's auspices, but the projects deserve greater backing if the consequences of a potentially discourant. if the consequences of a poten-tially disastrous "transport

Wooing the small investor

THE CASE for wider share interest of popular capitalism. ownership is usually presented Even if they were able to conin broad political and economic terms; giving people a stake way at an acceptable cost, they in the society they live in is said to be a stabilising infinence that promotes responsible institutional shareholders. terms; giving people a stake in the society they live in is said to be a stabilising influ-ence that promotes responsible

cost of a certain amount of advertising, that many small investors could be persuaded to buy into companies that were household names. This, said Mr Lawson, could reduce the Mr Lawson, could reduce the pressure on management to show short-term results because such pressure usually came from financial institutions like the pension funds. The Chancellor went on to suggest that the Stock Exchange might care to change its rules to make it easier for more decompanies to easier for quoted companies to offer their shares directly to new shareholders when raising fresh capital.

Popular capitalism

Those who believe stock markets respond relatively efficiently to information about quoted companies will no doubt question whether share prices will be any less prone to volatile swings if more shares are in stable hands; some might well argue that some might well argue that the resulting reduction in turnover and liquidity would lead to more volatility, not less. But the Chancellor's argument may well strike a chord with those company directors who fear a narrow Shareholdings makes them more vulnerable to a hostile bid. Certainly small shareholders have proved themselves less have proved themselves less that the key to extending likely to back the predator in private share ownership lies

contested takeovers. That said, the expenses a system and in educating people company would incur in making in how to deal in secondary a secondary offer to small investors would be a formidable deterrent. Unlike the Govern-ment, quoted companies are ment, quoted companies are is any guide, the Chancellor's mable to offer substantial view of the small shareholder inducements or run up is somewhat romantic. With huge advertising bills at each new set of figures, the taxpayer's expense in number who have sold rises order to prompte the vides order to promote the wider inexorably.

ence that promotes responsible behaviour and undermines "them and us" attitudes in industry and commerce.

Interestingly, the Chancellor of the Exchequer, Mr Nigel Lawson, chose in his New Year interview with the Financial Times to add a new dimension to the economic case. The British Government's privatisation programme had, he suggested, demonstrated, at the cost of a certain amount of advertising, that many small investors could be persuaded to have into companies that were the cost of the certain amount of advertising, that many small investors could be persuaded to have into companies that were the cost of the certain amount of advertising, that many small investors could be persuaded to the control of the principle of pre-emption, which requires companies to give existing share-holders a right to take up new shares in proportion to their stake in the company. Both the principle to be waived, in different ways, only if share-holders sanction the move.

This is easier said than done This is easier said than done

because the investment institu-tions are reluctant to see their stake in a company diluted by an issue that is offered direct to outsiders. They have been prepared to tolerate a recent relaxtion of the Stock Exrelaxion of the Stock Ex-change only on the basis that the new capital represents a small percentage of the capital in issue. The institutions' opposition to so-called "bought" deals, where a single securities firm buys all the shares on offer and distributes them direct to the clients, has in some cases. its clients, has in some cases been muted because the dis-count on bought deals is small. Given the difficulty of distributing shares to small investors, as opposed to the big institutions that snap up shares offered in a bought deal, the shares would probably have to be sold at a sizeable discount to the market price—which is another way of saying that existing shareholders would be paying a sizeable subsidy to the small

Share ownership

That suggests the Chancel; will not have his way without a fight. It could also be argued more in changes to the tax markets than in tempting them with new issues. And if the British Telecom share register

ON DECEMBER 16, a meeting of the Communist Party of the Soviet Republic of Kazakhstan, in the city of Alma Ata, decided to retire Mr Dinmukhamed Kunaev, leader since 1964 and a long serving member of the ruling Polithuro, and replace him with Mr Gennady Kolbin, a

The retirement of Mr Kunaev, an old guard supporter of the former Soviet leader Mr Leonid Brezhnev, had been expected. It is what happened next which caused astonishment in the rest of the Soviet Union.

Soon after news of the party decision spread through Alma Ata, a city of 1m and the capital of the republic, Kazakh students began to riot in protest against the replacement of Mr Kunaev, a Karakh by a Russian Kazakh, by a Russian.

Even more surprisingly, the riots were immediately reported by the Soviet news agency Tass, in keeping with the policy of greater openness introduced by Mr Mikhal Gorbachev. This is the first time that immediate publicity has been given to such sensitive subject as violence between nationalities

Egged on by nationalist elements and joined by what

Tass described as "hooligans and parasites," the students attacked the police, burned down a food shop and shouted insults. Some police and rioters were seriously injured, according to unofficial reports, and a member of the Polithuro was sent to investigate the unrest.

After the first admission of rioting information has been rioting, information has been scanty, but it is evident that the riot had an anti-Russian motive. This is surprising since Razakhstan, a region four times the size of Texas stretching from the Chinese border to the Caspian Sea, has more Russians than Razakhs among its 16m population. In Alma Ata, a pleasant city whose streets are lined with Lombardy poplars and elms, Russians are in the overwhelming majority.

overwhelming majority.

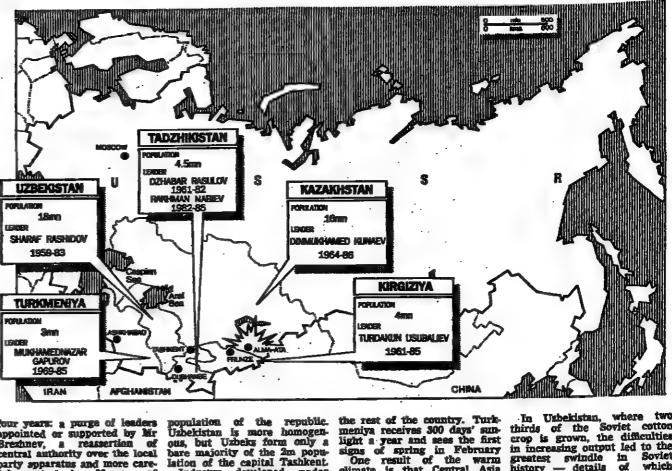
It is aiready clear, however, that the riots in Alma Ata are only the latest episode in a series of dramatic events which, in the past four years, have led to sweeping changes throughout the five Soviet Central Asian republics (with a total popula-tion of 46m). Moscow has sacked four of the Communist Party leaders of the republics and fear of a similar fate may have led to the sudden death, possibly through suicide, of the

possibly through suicide, of the fifth.

Mr Eumaev first became leader of Kazakhstan in 1960, of the great bosses of Soviet Central Asia is the area. Nikita Khrushchev, and then restored in 1962 by Mr Brezhnev. The last of the five to go, his departure appears to end the cleanout which began in 1963 when Mr Sharaf Rashidov, ruler of Uzbekistan for 24 years and a non-voting member of each with a different ethnic

Backlash as the barons fall

By Patrick Cockburn



four years: a purge of leaders appointed or supported by Mr Brezhnev, a reassertion of central authority over the local party spparatus and more care-ful control by Moscow of government spending and the return on investment.

These trends have had the greatest impact in Central Asia because the region has the same political relationship to Moscow to Washington, Local leaders of great longevity have built up political machines dependent on patronage and their ability to patronage and their ability to extract funds from the centre. "Self-styled noblemen with party tickets infiltrated the leading posts on a large scale and built up a personality cult around the local leader," confessed the local party newspaper in Uzbekistan.

It is Moscow's stack on these

paper in Uzbekistan.

It is Moscow's attack on these great baronies, and the breakup of the political machines which superted them, which has been the force for change, rather a sudden upsurge in local mationalism or Islamic fundamentalism.

population of the republic.
Uzbekistan is more homogenous, but Uzbeks form only a bare majority of the 2m population of the capital Tashkent.
Industry developed under Stalin and in the 1950s Mr Khrushchev started his manpaign to plough up the Virgin Lands of north Kazakhstan in a bid to boost Soviet grain proa bid to boost Soviet grain production. Oil and gas were dis-

produces almost all the Soviet Union's cotton crop, which totalled nearly 8m tonnes this year. There was heavy invest-ment in irrigation and cotton production figures were taken Dinmukhamed Kunaev, leader of Kazakhstan from 1960 apart from a brief demotion. His departure in

December ended a cleanout which started just before the exposure of the greatest swindle in Soviet history

One result of the warm climate is that Central Asia

in by Moscow to exploit Central the economic and political Asia's resources of raw health of the region.

The problem for the leaders result was a surge in growth, of the republics who had risen which raised the standard of to power during the boom years. and a non-voting member of Moscow Polithuro for 22, died suddenly, just before the exposure of a swindle which had systematically exaggerated cotton production by up to 900,000 tonnes a year.

The purge, accompanied by accounts of political and economic corruption on a grand scale, is the result of three trends in Soviet politics over the past in the region into five republics, which raised the standard of Soviet Central Asia. Which raised the standard of Soviet Central Asia. It is neighbours. The capitals of the five republies look better built than much of Moscow.

Some of the reasons for the smount of land and water available. Irrigation without drainage led to a build-up of salt. The area is the Soviet Union's sumbelt. The Central Asian plateau can be freezing cold at this time of year, but the winter is much shorter than in wrote Pravda. economic control for the centre and to break political machines, often dominated by extended families, which had flourished for 20 years.

Cuts have gone deep. Two-thirds of Mr Kunaev's Kazakh party central committee were removed last February. In Uzbekistan, 10 of the 13 party Uzbekistan, lu the the party first secretaries, who effectively rule each province, have been fired. The new party leader in Kirgiziya says that in the last five years between 82 and 87 per cent of local party leaders were sacked.

The replacement of this number of officials is clearly causing serious problems. In the past the local leader usually the past the local leader usually came from the indigenous nationality and his deputy was a Slav. Over the last three years, men like Mr Gennady Kolbin, the new Russian leader of Kazakhstan, are suddenly being parachuted in to reassert control bat—as the central control but—as the riots in Alma Ata show—at the cost of local resentment.

It is difficult to judge how costly. Soviet reports of the Alma Ata riots hint darkly at the students being the cats paws of the Kunaev regime. But the violence confirms other evidence of growing selfassertiveness among Kazakha nutionalities.

Local people say there is greater attendance at Mosques and prayer meetings. More people abide by the month-long Moslem fast of Ramadan-catering companies complain of an increasing loss of business, desired this ported. during this period. There is more press and party criticism of failure of local authorities to combat the growth of religion. Increased education, as elsewhere in the Middle East, has led to greater consciousness of

thirds of the Soviet cotton crop is grown, the difficulties in increasing output led to the greatest swindle in Soviet history — details of which came out in a trial just ended.

Between 1978 and 1983, it

Between 1978 and 1983, it emerged that no less than 4.5m tonnes of raw cotton were conjured up by Mr Vakhobzhan Usmanov, Uzbekistan cotton industry minister. Hundreds of millions of roubles were paid by Moscow for cotton which never existed. He was able to corre out the swindle by a

carry out the swindle by a system of bribery. Children

were once kept in the cotton fields when all the cotton was picked to give the impression that the harvest was con-

Mr Damanov, sentenced to

death, was arrested in 1984. Before then he had ceased even

to open envelopes containing bribes which were handed to him in his office, He tossed one envelope containing 40,000

envelope containing 40,000 roubles (£40,000) into a corner

of his office, where the police found it lying unopened two

years later.
The cotton fraud showed that the local pariyo, machine, was saturated by corruption. It also uniterlined from central and local leaders in the last years of Mr Brezhnev refused to believe that the boom years in Control Aria were over. They

Central Asia were over. They still thought big investment in

its resources would produce

massive returns. Just before he

Mr Rashidov was close to get-ting Moscow to agree to an

to bring water from the north-

A good indicator of relations between nationalities is inter-marriage—the rate of marriages between Russians and Uzbeks fell in the 1970s.

Not only is the indigenous population better educated, but family size in Russia is 3.3 compared to 6.0 in Tsdzhikistan and 5.8 in Uzbekistan) means that Russians are a falling proportion of the population. Tash-kent now has a native majority and native dress is increasingly seen in the other capitals.

But signs of Islamic revivalism are still few and the border with Iran is sealed tight. All but one of the five republics speak Turkic languages and adhere to the Sunni branch of Islam, rather than the Shiah Mosleys faith of Ayatollah Khomeini. Facilities for Islamic devotion are somewhat limited with only four Mosques for the Sm inhabitants of Turkmeniya.

revolt have not, in any case been Moscow's main concern during its attack on the political bosses of Central Asia. The Alma Ata riots do show, how-ever, that tightening central flowing Siberian rivers to irrigate the cotton fields and orchards of Central Asia.

With the death of Mr Brexhnev in 1982, the party leaders in Moscow started a conscious of its national and religious identity. sustained campaign to retrieve religious identity.

Lacy takes Exco chair

At a time when City men seem to be able to make fame and fortunes almost overnight the career of Richard Lacy, newlyappointed chairman of Exco International, the money brok-ing group, appears a model of dedication.

In group, appears a model or dedication.

Though still only 39, Lacy has spent all but one year of his working life with Exco and with its predecessor company Astley and Pearce. After leaving school and spending a year with a City shipbroker, he joined Astley as a trainee broker and tea-maker in the mid-1960s.

He stayed with the rumsany through its transformation under John Gunn into Exco and has emerged as top dog following this month's accussition of Exco by British and Commonwealth Holdings, the financial services group which Gunn now services group which Gum now

Eight other directors, includ-ing John Sangster, Lacy's pre-decessor (though non-executive) as chairman, and Bill Matthews. the chief executive. left last month as a result of the B and C takeover. Lacy spent several years in

days on the trading floor of the Stock Exchange."

Men and Matters

the mid-1970s building up Exco's Far East operations—an area has now wants to extend further—but most recently has been in charge of its money broking operations.

the past six years has brought the country down from 47th place to 60th. Living costs, on the other hand, have risen in the US which now ranks 39th compared with 65th in 1980.

He recently underwent a serious operation for an illness which had dogged him for the previous three years but says he is now perfectly fit. When I spoke to him yesterday he had just completed an energetic day's skiing on the slopes of Champery, Switzerland.

How will be overcome the Gunn factor, whereby the City appears to assume that Gunn personally runs every company with which B and C is associated?

"Exco has been given all the

assurances that it will stand alone within B and C," he said. "None of us have any fears he will try and run this company. He is too busy with other

High life

The Japanese may have got rich by making cars, cameras and computers more cheaply than other countries—but Japan is now the world's most expensive place to live place to live. A survey by Employment

Conditions Aboard, an advisory service for companies with expatriate employees, says the strength of the yen has helped strength of the yea has helped to boist Japan to the top of the cost of living league.

But it does not always follow that the cost of living is more expensive in the wealthier countries. Companies seeking to keep their expenses down would do well to note that Nigeria. Algeria. Trag and Nigeria, Algeria, Iraq and Tanzania occupy the four highest places in the league after Japan. Britain is now one of the least costly countries to live in. The

fall in the value of sterling over

The biggest Jump in expenses was recorded in Argentina where, it is calculated, the cort of living rose by 324,130 per cent between 1980-86. But this

has been offset by a fall in the value of the pess and the country, once one of the most country, once to set up home. now ranks 44th.

Legal reading

Increasing competition in the legal profession in Britain is spilling over into the world of publishing.

Come the spring lawyers are going to have two fortnightly magazines to chronicle the rapid changes in their world. rapid changes in their world.

It was announced yesterday that Mayfield Publishing is planning to launch a glossy magazine called Lawyer with a format similar to Cosmopolitan, the ad man's bible, in March.

Now Marcel Berlins, the former legal correspondent of the Thires tells me he is the The Times, tells me he is the newly-appointed editor of Law Magazine, a rival to Lawyer, to be published formightly by Sweet and Maxwell, the legal publishers.

Berlins says he hopes the appeal of his magazine will be broader than that of his rival. He says "We are going to appeal not just to people in the law, but also to those on the law such as means. fringes of the law such as members of parliament, and the City. We'll be more a magazine

With the established New Law Journal expected to fight back to try to protect its readership, legal circulation wars are clearly about to start.

Sports promotion

Raymond Levy, the new man in charge of Renault, has just shown a bit of good sportsmanship by promoting to a top man-agement post the man who could have had a hand in Levy's own fall from the chair of the French State Usinor steel group a few years ago.

In one of his first decisions since he took over at Renault, Levy agreed to name Louis Schweitzer as deputy planning director. Schweitzer will take charge of Renault's planning department next Angust when Stephane Doblin, the current planning director, retires.

Schweitzer joined Renault last Schweitzer joined Renault last
May as a glittering recruit to the
executive suite. With two
famous great-uncles—one the
Nobel Peace Prize Winner Dr
Albert Schweitzer, the other the
well-known conductor Charles
Munch—Schweitzer had previously been the chef de cabinet
or closest adviser of Laurent
Fabius, the former Socialist
Prime Minister Prime Minister

In his role as "eminence grise" to Fabius, Schweitzer clearly could have played a part in the Socialist government's decision not to renew Levy's mandate as chairman of Usinor.
Indeed, after the assassination
of George Besse, late chairman
of the French car group, by
left-wing terrorists last November, and the appointment by the conservative government of Levy a month later, there was some uncartainty about Schweitzer's future at Renault. But Levy, who left the Belgian steel group, Cockerill-Sambre, to take over at Renault, has wasted little time in confirming Schweitzer in hit new career

New miracle

A way has been found to get rid of all that Austrian wine laced with antifreeze. Poured on icebound roads it clears them. The Austrians must be the first people to be glad to turn wine into water,

Observer

CHOOSE THE WRONG CHARITY FOR YOUR PAYROLL DEDUCTION **SCHEME AND YOUR DONATIONS WON'T JUST** GET EATEN UP IN AFRICA.



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lay Januany

Letters to the Editor

Free market fantasising on trade policy

From Mr H. Shutt. Sir,-Mr McGregor hasis of too many policy procutting than the tariff war of symptom, cannot be resolved
nouncements on trade, although—as he concedes this
and managers" could miracuthat (a) virtually every sector
retoric does not wholly inhibit
the British Government from
(admittedly disestrous) record
subscidions accordant 155 on a community and hankers in
subscidions accordant 155 on a community and hankers in
subscidions. subsidising exporters (if on a smaller scale than he would like). His letter is also eloquent testimony, which economists would do well to take seriously, to the contempt into which the discipline of economies has been brought by the increasing failure of its practitioners to relate theory to the real world. Mr McGregor's own prescription, however, for simultaneously solving the problems of the Third World and of Britain's export industries

From Dom Bernard Orchard

phere of biblical criticism, has

hose irritated more than a few of many your faithful readers, who irrightly look to you for sound advice on all subjects and not

merely in their chosen pursuit

of Mammon. But his article Midwinter? In a Manger? In

Bethlehem?" (December 20) was in fact highly misleading

tif it was meant to be a serious contribution to the present to the present to the infancy Narratives of the countribution to the infancy Narratives of the countribution of Matthewand Luke.

hilds of the so-called Enlightenment, ones which for the past 200 years has

of the Gospel accounts of the birth and childhood of Christ.

the Gospels themselves and the we have at the present time no more than a few incomplete acraps of information about the

clocal history of Palestine in the

generalisations as he goes in for. That is to say, Luke and Josephus are the only two "authorities" available. Why

"authorities" available. Why

Josephus is, as here, preferred to that of Luke! Only through ingrained and probably uncon-

unities similar to Luke for

rathering data, though he was

rom the Director-General,
hir Transport Users Committee
Sir.—Mr Powrie's letter
"Airport planning—a potent
reator of myths"—December

(0) requires some correction

ommittee has ever invited invoice to believe "that airport hapacity in the South East is gain about to face a crisis."

Lertainly Heathrow and lattick runways are now virtually statick runways are now virtually

the Palestine he had known had (Dom) Bernard Orchard.
Deen swept away when he wrote. Ealing Abbey Gospel
Le was also a careerist and a Commentaries.
Sycophant of the Emperor and Charlesy Grove, W5.

More runway capacity

Josephus indeed had opp

rime of Jesus — and certainly not enough for such sweeping

Of course, he is entitled to his own opinion, but his peculiar bias appears when he fails to acknowledge that apart from

Sir,-The foray of Robin Lane Fox, your gardening columnist, into the rather rarified atmos-

Luke is to be preferred

is Can he really believe that an countries. (admittedly disastrous) record national economy is affected by significant, and in many cases determining investment priorities for developing countries can no longer (if it ever could) which are consistent with long-term viability and national stimulation of demand, and (b) which are consistent with long-term viability and national solvency? As for excluding political intervention, this notion would surely raise more than a smile from those Third World officials who are in-creasingly given the impression by government and business

most certainly framed his

history in such a way as to clear himself of treachery towards his Jewish nation; and there is no ground for thinking he was par-

ticularly accurate in matters of

On the other hand, the stature

of Luke, the chosen friend and confident of Paul, is infinitely

higher, and whenever we are in a position truly to check his

but he almost certainly re-searched personally in Judea

and Galilee, interviewing con-temporaries, while Paul was a

No. sir, I suggest that readers

would prefer to see the same fairness in the presentation of biblical matters as you yourself apply to your dealings with the financial world!

er in Caesarea in AD 60.

uracy he comes off with full

absolutely right (December 23) intensification of the subsidy. The truth is that the world to condemn the free market based trade war will be any less economic crisis, of which the fantasising which is still the likely to end in mutual throat chaos in trade is but one

it is in nobody's interest to solve this problem by the application of free market principles - for all the admonitions of World officials who are inmainstream economists, so concerning trade. Or
creasingly given the impression
by government and business
leaders from the industrialised
nations that the central purnations that the central purance of the need to introduce The Grange, Hillside,
address of concerning trade. Or
that the Russians?
Harry Shutt.

tion of both production and trade. It is the unwillingness of politicians of all parties—not only in Britain but in most other OECD countries—to con template such an approach which is the principal obstacle

seeking to take a leaf out of se west's book in subjecting decentralised management in pursuit of greater flexibility and efficiency. Perhaps we might ask ourselves whether we could not profitably return the compliment by abandoning some laisses faire shibboleths concerning trade. Or are we after all more brainwashed after all more brainwas than the Russians?



accuracy he comes off with full credit. Both as an honest historian and as a cultured physician and human being dedicated to the pursuit of the true and the good, he is altogether to be preferred to Josephus, If there were a real clash of evidence—and there is no direct clash — Luke is surely to be more trusted every time, or at least to be given the Rattling the poor box From Mr R. Jamieson

Sir.—I cannot let pass your
distinguished opera critic Max
Loppert (December 31) using
his yearly review to rattle the
poor box for the Arts Council.
It and its caravan of apologists are now obliged by a fair
and prudential budget to come
up with some creative thoughts
on arty funding. Instead, they time, or at least to be given the benefit of the doubt with regard to the questions at laste, the Census, the poll tax, and so on, for Augustus undoubtedly did order a number of censuses; while client kings like Herod on arts funding. Instead, they have reverted to the theatrically the Great were prepared to do the maddest things to win the favour of Augustus; even to ordering his incides subjects to go to Bethlehemi defunct four-letter word: more, It should never be an obliga-No; it is all too simple if one decides unilaterally that Josephus is always right. For Luke was not only much nearer in time to the events be records,

national and regional opers is to be we similar to that faced by restan-founding ranteurs from Barni Ions to the Ilbraries. Savoy: it is about putting burns on seats at a price the pargeted

users will have to go elsewhere From the Director-General, liv Transport Users Committee and in those circumstances, the threat of Paris, Amsterdam and Frankfurt is not marginal. Civil reator of myths"—December 30) requires some correction and comment. I am not aware that this sommittee has ever invited anyone to believe "that airport apacity in the South East is the contrary of Mr Powrie's assertion capacity for roads. mine, should be wound up. Cash
should be provided on a pound Shenfield,
for pound besis to manh that Brentpood, Essex.

Far from denying avant garde productions, look at what Norwest Holst has done for the ENO, or Amoco made possible in bringing the Welsh National Ring to London. Such support should be offsettable against income and corporation tax, together with the equivalent of the Government contribution, and the cash available for the business sponsorship scheme be It should never be an obligation on taxpayers to provide together with the equivalent of more without question, particularly should they choose not to the Government contribution, larly should they choose not to the cash available for the attend such critically rubbished business sponsorship scheme be Covent Garden productions as Fidelic or The Flying Dutchman. Why does the Royal Opera Libraries should also be privalence deserve more when even tised and charges introduced its chairman in this year's Quite why they provide pop annual raport has to appeal to records and crime novels audiences to desist from booing? The central problem of a modal benefit purse as rational and regional open is to be well removed from the similar to that faced by restan-founding duty of public

We need to encourage the on saturat a price the largested vitality of market-related market-place will pay and with resource by radical measures some necessary regard to the that along can give the success-quality of product and service ful companies such as the that will encourage customers. English and Weish National w return.

What is now needed is a they need to flourish. Equally, why should there be an increasadjudicate on resource.

Importance of maintenance

From Dr M. Cross
Sir,—Harry Heap (December 20) raises an issue of national importance under the general heading of "maintenance," and his suggestion for a Plant his suggestion for a Plant Efficiency Year should be considered seriously by senior officials at Department of Trade and Industry and the National and Industry and the National Economic Development Office.
Over the past five years we have been monitoring the management and manning of maintenance in 121 companies.
Almost without exception we are seeing attempts to minimise rather than optimise maintenance counts and also to consider names costs, and also to consider it almost independently of pro-duction unit costs. At the same time we are seeing the increased time we are seeing the increased use of contractors (non-core workers to use the Institute of Manpower Studies jargon) to increase the proportion of variable costs in the maintenance judget. What is starting to emerge from this last development is an increased, and in some cases an over-dependence on contractors, in terms of costs, they have increased, Hence, the

"over use" of contractors can have the reverse effect of that desired,

which is also emerging is the waste of the learning of better plant design through mainteplant design through mainte-pance. Because of the poor information base within many maintenance functions the development of more reliable, more serviceable and more fiexible plant is being lost. It is very noticeable that those organisations which do expture and use such information have lower production unit costs than their major UK and Euro-pean competitors.

There are therefore very good arguments, of which the above are but two, for launching a major awareness-raising pro gramme under the banner of
"Flant Efficiency Year." Such
an initiative would complement
the technology awareness and
application schemes with a techapplication schemes with a tech nology mage scheme,

inyone to believe "that airport apacity in the South East is again about to face a crisis." First analy Reathrow and istwick runways are now viringly fully utilised and there will be problems in persuading intreasing demand to go to the transing demand to go to the transing demand to go to the demand is there who is suggesting that new ones should not be developed. Opera houses are rather specialised and in the wider context of theatres and concern that it took 25 (or was it \$5?) First to get agreement that it took 25 (or was it \$5?) First to get agreement that it took 25 (or was it \$5?) Fears to get agreement that it took 25 (or was it \$5?) Fears to get agreement that it took 25 (or was it \$5?) First to get agreement that it took 25 (or was it \$5?) First to get agreement that it took 25 (or was it \$5?) For the fourth major one in the south East and all his predications of demand increased in number as runway schould be. For indications of demand to given to regional airport expansion so as to provide locally runway in the south east. All this predicates that itemand should be met by apply. If it is not it will either the architecture of the success it may achieve can replace the importance of the success it may achieve can replace the importance of fifth runway in the south east. All this predicates that itemand should be met by apply. If it is not it will either be a constraint on freedom, or the contract of the success it may achieve can replace the importance of the success it may achieve can replace the importance of the success it may achieve can replace the importance of the success it may achieve can replace the importance of the success it may achieve can replace the importance of the success it may achieve can replace the importance of the success it may achieve can replace the importance of the success it may achieve can replace the importance of the success it may achieve can replace the importance of the success it may achieve can replace the importance of the success it may achieve can The problems of shipping and shipbuilding

Tom Mr K. Thomas, Sir, — Your shipping correspondent is too kind (December 12 1986) in saying that the problems of the shipping and shipping industries are not the seults of their irrational

results of their irrational actions.

In the twenty years or so beore 1974 reasonably steady from in world trade had allowed growth in the world hipowning and shipbuilding inhistries. Japanese shipbuilders a particular had invested in acilities for building the ever arger tankers and bulk carters whose economies of scale, ater emulated in the liner secon, led to reductions in the real or, led to reductions in the real ost of sea transport which fed sek into more trade growth. I wards the end of this period, injowners began to order not ust ever larger ships, but ever necreasing numbers of them. In 1974, the order book for ankers amounted to no less han 91 per cent of the than han 91 per cent of the then xisting fleet of those vessels; hose for combination carriers ind dry bulk ships amountd to and dry bulk ship.

Euphoric overordering on this based on market prices. Euphoric overordering on this scale may be understandable but it cannot be described as rational. Those order books would inevitably have led to overcapacity in the tanker and dry bulk sectors. The unforseeable triggering of the off price weapon by Middle East il producers in 1973/1974 led to the downturn in world trada the downturn in world trade which has exacerbated and prolonged a slump which was com-ing from foreseeable causes

The scale of overinvestment. in the few years prior to 1974 was made possible by the ease with which shipowners could obtain bank and suppliers' credit. Loan finance has destroyed the industry's equity base and damaged its ability to with-stand a-slump which is in part of its own making.

low as shipyards with government support to win orders to
keep people employed, For the
last ten years and more, shipping investment has not been of view of the health of the

Low prices and cheap finance, in spite of the hardening of some banks, attitudes, continue some banks' attitudes, continues even today. A few months ago we sought prices for a number of very similar ships. The cheapest price offered was 47 per cent of the highest. Financing terms offered in the packages embodied periods varying from 10 to 25 years; and three suggested interest rates of 4 per cent or less.

cent or less. · The boundaries of the system within which investment deci-sions are taken on ships has changed. The extraneous fac-tors of below market pricing by builders and easy financing have come to dominate over straight supply/demand factors. The problem is that amongst the many individual shipowners. The prices which have had to lines giant round the world low as shipyards with government support to win orders.

The shipewaing industry has always had an endemic tendency to overinvest. As long as cheap ships and finance for them to continue to exaggerate this tendency, we see no end to the shipping recession. The industry appears to be in a state of quasi permanent over-supply and depression. Any optimism which observers can extract from current circumstances rests upon the view that an upturn is demand for shipping will not be offset by instant and excessive new ordering. If governments are in sorting out the problems of the maritime industries, we suggest that restoration of mar-ket prices should be their prime concern, and that industry wide investment criteria rather than project criteria should be applied.

Sloome Square House

COMPUTERS AND THE CITY

Beyond the crisis, a hefty programme

By Alan Cane

service. "The system seems to have stabilised. The problems

have expected," he says, echoing the feelings of most of the larger market-makers."

A major fear for the

Exchange had always been

which muffled the City's Big Bang seems to be over. A trickle of interruptions to the Seaq market information service, the last just before Christmas, is

But there is little prospect of relief for the army of pro-grammers, systems analysts and operators working for the Stock Exchange's information systems division.

An electronic crystal ball in An electronic crystal ball in their Christopher Street head-quarters, east of the City, would show a relentless programme of work stretching through 1987 and beyond as the Erchange strives to provide refinements ruled out by the Big Bang schedule.

The Topic system, which turns Seag information into viewdata pages, has to be strengthened and given more power. Seag International, the information system for international market makers, has to be internated and brought up to the innerment of the page of the content of the be improved and brought up to

The dealer's workstation, Orbit, whose design owes much to collaboration with IBM and Shearson Leahman, has to be finalized. And the Exchange has to honour its promise to intro-duce advanced trading systems for automatic small order execution (Saefs) and block exposure (Blox).

Now the market has re-covered from the initial shock of Big Bang and the immediate aftermath, it is beginning to look at Seaq with a critical eye and ask for more more speed, more detail, more information,

broker/dealers equities find Seaq at acceptable trading vehicle and shrug off its occasional tantrums. It was off the air for 15 minutes on two successive days in late December and the market hardly noticed.

Trading over the telepho went on as usual, the dealers well able to cope with the occa-Anthony Lewis, chairman of Smith New Court, puts it: "Technically, we know the shortcomings in the system."

Some market makers, Warburgs is a good example, have expressed satisfaction with Seaq from the beginning and been prepared to cope with its eccentricities. Others have come to terms with Seaq after a difficult period.

Mr Matt Devereux, head of maker in an alpha stock, and management services at the so escape stamp duty, simply leading market maker Barclays by committing to deal in sizes de Zoete Wedd, which had more of 1,000. The minimum size for

always sounded a lot worse than Seaq in the equities market they really were and things is not reflected among gilts have gone better than we could

little or no use to them, although they say they would like to see the service improved for smaller brokers and institu-

Enchange had always been that the market would pay lip service to Seaq, with market makers showing the amallest allowable parcel of shares—1,000—in which they were prepared to deal on the screen, while the real market would the service of the screen. calls dealers trade with each other in anonymity via interdealer brokers (IDBs). The best gifts dealing rooms these days are distinguished by a panoply of screens in front of each trader, each displaying the prices from a single IDB. They are two-way prices, compared with the single, mid-price shows on Topic screens. take place on the telephone. To register as a market maker in alpha securities, the most traded shares, a dealer must commit himself to a firm two-

The fear was that the real data in front of them, it is price for larger share purcels scarcely surprising that they would be quite different—in see little need for slow, meagre Seaq information.

A major fear was that the market would pay lip service only to Seag

other words, a substantial pro-portion of the market would not appear on the screen. Some measure of the confidence equities market makers have in the system can be gleaned from the size of the "touch" price, the difference between the best bid and best offer, the number of market makers in alpha stocks prepared to commit themselves on the screen to trading in large sizes (100,000 or more) and their requests to

quote in larger sizes.

The Exchange has agreed to this. The necessary computer

At least one senior trader is per page is inadequate; up to incensed that a dealing house 20 stocks on a page would be can register to become a market more useful. He says a glits

than its share of teething pro-blems, is now happy with the service. "The system seems to

But reasonable contentment But reasonable contentment with the technological side of

Gilts dealers trade with each

With such a wealth of market

with the leading gilts dealer Alexanders Laing and Cruik-shank, gives a typical reaction: "I have never used the Topic screen to deal."

Others are more outspoken. "Seaq and Topic have no relevance to the professional gilts market whatsoever," is one view. Another is: "There is little information there that is timely as well looking as " timely or worth looking at."

Complaints from the gille dealers seem to fall into three categories. First, the mid-price display is no use for dealing and is of limited value to clients. They would prefer to see two-way (bid and offer) prices displayed.

Mr Keith Corsby, a trader

Second, updating of prices is too slow. This is a common complaint and seems to result from the measures the Exchange had to put in place to keep Topic on the air after the

Third, the amount of informs-Third, the amount of informa-software is being written so that Topic can display sizes of up to 900,000 shares by May. Eventu-ally, the "L" meaning 100,000 shares on the screen will be replaced by "M" for millions. Third, the amount of informa-tion on the screens leaves much to be desired. Mr Peter Sowray, head of technology at Phillips and Drew Moulsedale, argues that displaying a single stock

equivalent of the FTSE "trigger" page, which shows at a glance how the top 100 equities are performing, would be closer to the mark.

surrounding the introduction of new technology have receded, it is clear that firms are beginis clear that arms are begin-ning to find fault with the basic design of the market informa-tion system, a luxury denied them in those heetic few weeks at the end of October.

dealers say they would like to one stock on the same page. Some criticise screen layout and say that the use of colour is

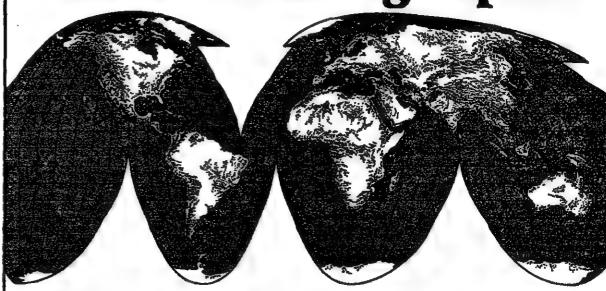
And there are still murmurs of discontent about the speed of the system and the best way to get information to clients.

The answer, some feel, is to and Marketline, the two Stock Exchange services which feed raw data into a trader's com-puter system to be processed in whatever way he or she wishes

Phillips and Drew, for example, is taking raw Seaq data into its inhouse computer and feeding it out to clients over its Gemini information

Others are thinking about Reuters and other information vendors. "Every day I am approached aggressively by in-formation vendors," one said, "and I think 'Why not?'."

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FINANCIALTIMES

Tuesday January 6 1987



Moscow in bid to step up satellite launch **business**

By Patrick Cockburn in Moscow and Peter Marsh in London

THE Soviet Union has stepped up its bid to enter the business of launching commercial satellites on behalf of other countries.

Mr Nikolai Ryzhkov, the Prime Unnater, said yesterday that Soviet financial institutions would insure satellites themselves and would let foreign technicians accompany their spacecraft to the Soviet launch site without customs exami-

Mr Ryzhkov's comments are the strongest indication so far of the Soviet Union's desire to enter the launch business, an industry shaken by the explosion last year of Challenger, the US space shuttle, and by a series of failures involving the West's other main launcher, the European Ariane rocket.

As a result of the mishaps, the three remaining US shuttle are grounded until early next year, while Arianespace, the company selling Ariane launches, hopes to restart flights in March. The last Ariane flight, last May, failed to launch its satellite after a motor

Mr Ryzhkov's remarks in an interview with Tass, the Soviet news agency, may constitute a last-ditch effort by Moscow to interest West-ern organisations in using its rock-et services. Although the country has offered to launch Western satellites on its Proton rockets for two years, there have been no takers.

Moscow is also interested in transporting payloads into space for Third World nations. It has launched satellites for India and recently offered to launch a communications craft for Thailand.

The Soviet Prime Minister said the Soviet Union was prepared to offer substantial discounts to orga-nisations which use its rockets. "As it enters the international market. for space technology and services, the Soviet Union of course, cannot but recken with the laws of the

The Soviet offer is evidently a bid to earn hard currency in a market in which Moscow can compete and also to underline Soviet policy on the peaceful use of space. Mr Mi-khall Gorbachev, the Soviet leader,

with the US Star Wars programme. Mr Ryzhkov went out of his way Mr Hyzhkov went out of his way to reassure potential foreign customers that their equipment would not be examined by Soviet engineers. The Soviet Union would permit the passage of satellites from the overseas country to the launch site in a sealed container, if this would be convenient to the

Any deals between the Soviet Union and the West over rocket launches may involve Jardine Ma-theson, the Hong Kong-based trad-ing company. Officials from the group have held talks with Glavcosmos, the Soviet space authority, over acting as an intermediary with Western companies that want satellites placed in orbit.

Students burn newspapers

Continued from Page 1

were released. Diplomats say the city has been ordered from above not to confront the students in the streets, so it is confronting them in the press instead.

The Peking Daily continued its

relentless attacks on the students yesterday by claiming that they are poisoned by bourgeois liberalism": The demonstrators held aloft the banner demanding abstract freedom and democracy. But they do not distinguish socialist from capitalist democracy. In reality, they want to use bourgeois liberalism to

Chinese leaders have remained silent on the student protests that

White House renews summit offer

White House spokesman Mr Larry Speakes, commenting on a publand, Mr Reagan met Mr Gorbalished report that Moscow had chev for the second time for a sesmade overtures for another summit sion which was described in adsaid that there had been "no direct vance as a "mini-summit" but which suggestions from the Soviets that quickly turned into a full-scale arms indicate a desire to follow up on control bargaining session. The indicate a desire to follow up on control bargaining session. The their commitment for a summit in talks ultimately broke down, howthe United States in 1987."

Last October in Reykjavík, Ice-

Critics have argued that the West was lucky the talks failed because Mr Reagan was on the verge of committing the West to a major and dangerous shift in the strategic hal-

talks ultimately broke down, however, as Mr Reagan refused to comton that Mr Reagan and his adviseign policy.

THE WHITE House yesterday renewed President Ronald Reagan's invitation to Mr Mikhail Gorbachev, the Soviet leader, to attend a schieved ... the President's invitation for a US summit remains promise his "Star Wars" strategic defence initiative.

The White House has presented the meeting as a success because of partly because such a the meeting as a success because of potential arms control agreement can be reached partly because such a the meeting as a success because of potential arms control agreement can be reached partly because such a the meeting as a success because of potential arms control agreement can be reached partly because such a the meeting as a success because of potential arms control agreement can be reached partly because such a the meeting as a success because of potential arms control agreement can be reached partly because such a the meeting as a success because of potential arms control agreement can be reached partly because such a the meeting as a success because of potential arms control agreement can be reached partly because such a the meeting as a success because of potential arms control agreement can be reached partly because for potential arms control agreement can be reached partly because such a the meeting as a success because of potential arms control agreement can be reached partly because for potential arms control agreement can be reached partly because for potential arms control agreement can be reached partly because for potential arms control agreement can be reached partly because for potential arms control agreement can be reached partly because for potential arms control agreement can be reached partly because for potential arms control agreement can be reached partly because for potential arms control agreement can be arms control agreement can be reached partly because for potential arms control agreement can be reached partly because for potential arms control agreement can be arms control agreement can be a potential arms are potential arms control agreement can maging investigations of the Iranian arms transactions. Time is also running out for Mr Reagan to se-

Failure would expose both him and his party to charges that it has mishandled a vital area of US for-

MOSCOW'S INVIGORATED MIDDLE EAST DIPLOMACY MEETS MODEST SUCCESS

Egypt warms to Soviet overtures

WASHINGTON'S embarrass coincided with a period of renewed Soviet diplomatic vigour in the Middle East and a few modest achieve-

Last month, Iran sufficiently overcame its distaste for its Communist northern neighbour to sign an agreement on economic co-operation allowing the return of some Soviet technicians.

At the same time, a high-level So-viet delegation held lengthy talks in Egypt, where it approved a new an-nual trade protocol and clarified differences over exchange rates and Egypt's old Soviet debts, which had impèded broader economic ties. Even before the revelations of Washington's arms sales to Iran battered the US Administration's credibility, a number of regimes

had expressed growing frustration with President Ronald Reagan Mid-dle East policy. To many Arab mod-erates, US diplomacy has been seen as increasingly one-dimensional, based on support for Israel and opposition to Arab terrorism. Some Arab countries, angered by

the US refusal to sell them advanced weaponry, have looked to Moscow for alternative supplies. Others have opened or improved re-lations in the belief that Soviet involvement is necessary to contain, and perhaps mediate, the Irun-Iraq and Arab-Israeli conflicts.

Late in 1985, staunchly pro-West-ern Oman and the United Arab Emirates established diplomatic relations with Moscow. That left only four countries in the region - Saudi Arabia, Qatar, Bahrain and Israel without formal ties. Last August, the Soviets held their first ansince Moscow broke relations following the Middle East war in 1967. for granted. In recent interviews, In recent months, Moscow has Mr Mubarak has ticked off the been especially attentive to Egypt, Americans for showing Egypt less

once its premier client in the region and now the closest Arab ally of the US. Moscow has despatched half a dozen high-level envoys, including Mr Vladimir Polyakov, a veteran now the director of the Soviet Foreign Ministry's Middle East depart-ment, who briefed President Hosni Muharak on the results of the Reykjavík summít.

Close on his heels came a group of Soviet cinematographers and a ballet troupe from Riga – ties be-tween the Soviet and Egyptian gov-ernments and between their official trade unions were restored following a 10-year lapse. A new Soviet ambassador, Mr Gennady Zhuravley, gave a news conference to foreign correspondents and has made himself unusually accessible to the

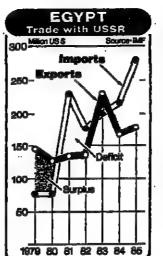
Egyptian press.

"We're seeing a new Soviet di-plomacy – more open and more flexible," a senior Egyptian Foreign Ministry official said approvingly. A Western diplomat said: "The amount of activity is fascinating,"

but added: "The whole is probably

less than the sum of the parts." There is no suggestion in Cairo that Egypt, which expelled thou-sands of Soviet soldiers and techniclans in the 1970s, is about to switch alliances again. That seems pre-cluded by Egypt's dependence on more than Sibn in US aid each year and deeply anti-Communist and re-ligious public opinion. But President Mubacak has

sought to tone down the pro-American focus of his late predecessor, Mr Anwar Sadat, to distance his Government from embarrassing US hish Egypt's credentials as a non-



Its than the Soviets

Mr Mubarak also has persuasive economic reasons for strengthening relations with Moscow at a time when Egypt is negotiating to reschedule its debts to the West. Besides Sudan, the Soviet Union

is the only Egyptian trading part-ner with which no hard currency changes hands. Under a "clearing account" instituted in 1964 an never interrupted, even during the Sadat years, the Ecyptians swap cotion yars, citrus fruits, pertunes and coametics for Soviet humber products, coke, building materials, frozen fish machinery and equipment. Over the years, the arrangement has worked increasingly in Egypt's favour. The clearing account is de-nominated in Sterling at an exactions in the Middle East, to refur- change rate that has remained frosen at £1 = ££0.70, about a third of

> During the recent negotiations, the Soviet delegation refused Egyptien turgings to sign a five-year trade protocol without a significant

Moscow also withheld agreement to renovate Egypt's vintage Soviet-de-signed factories without an accord on rescheduling Cairos's \$3bn debt, which the Sadat Government unilaterally stopped servicing a decade

According to Egyptian and Soviet negotiators, Moscow provisionally agreed to forgive the interest. But, return, the Soviets want to use the \$600m surplus in the current account, built up over the last decade during which Egyptian exports to Moscow exceeded imports, to help pay back the debt. They also seek full repayment by the turn of the

viet trade representative in Cairo, characterised the talks as "frank", diplomatic language indicating dis-

amount is the same as called for in often defeat their object. In any amnual protocols since 1984 but, if case, a new owner of Mercantils fulfilled, would represent a 20 per cent increase over the volume of land vetting to be the first acquirer trade for 1986, when the quota was

viewed during Egypt's next comprehensive trade and economic talks with the Soviet Union in Manny during February or March. The Egyptians are hoping for an

increase in trade. As one negotiator said; "We need the connection with them more than they need us." Beyond the favourable barter arrangement, he said, a significant portion of Egypt's industry is geared toward producing inexpening Soviet market. Egypt would find it difficult to sell these goods to the West or even Eastern Europe.

Mercantile's new tenant

THE LEX COLUMN

When a broker launches a posthmch raid on its parent company's shares, fund managers can be for given for not suspecting an ensuing bid. So those who broke the well tested maxim and sold in the Alexander Laing & Cruickshank "dawn" raid on Mercantile House shares at 370p may have felt a little piqued by the statement from the victim which followed. At least they have a comforting profit over Friday's close of 298p and the statement was sufficiently opaque not to suggest an immediate offer. Yesterday's closing price of 384p does, however, argue that the enthusiastic takers

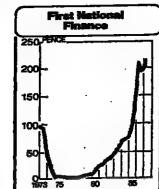
Presumably CrownX, the buyer of the near 15 per cent stake, is the one of "one or more" contemplating an offer for Mercantile, unless taking significant but passive stakes in UK financial groups is becoming a Canadian fashion. If it is, ALCH's involvement alone suggests a friendly deal, in which case share-holders may find their board agreeing to a price below the highest estimates of Mercantile's worth. A figure of 420p might secure agreement though optimists reckon Mercan-tile's break-up value at 500p or On the other hand, Mercantile is

of 370p have once again proved the

clearly having a tough time, and earnings are likely to fall this year. It is unable to replace Oppenheimer's earnings, is suffering cut commissions in the US bond market and ALCH, like most UK bro-An Egyptian negotiator said his kers, is not yet making much post-side had to "fight like crazy" to per-suade Moscow to agree to a 1987 of business, as has been amply de-trade protocol of 2600m. The monstraind elsewhere, hostile bids

FNFC

Profit-making dividend-paying. fast-growing, acquisition-hungry First National Finance is a real company again - almost. The only remnant of its times in the lifeboot, apart from the odds and ends of loan stock, is its ability not to pay tax. Even that will soon fade. After a small tax credit in the year to October, a tru change of perhaps 10 or year. One day FNFC might even scale junk-bond takeover bid was bave to pay a normal tax charge.
Once, FNFC's huge tax losses aggressive investors wanted.



were supposed by the market, prob-ably wrongly, to be attractive to a bidder. Now the rising tax charge's restraining effect on earnings, de pite strong pre-tax growth, could put something of a stop on the shares. The historic p/e of 9, at yessnares. The historic pie of 9, at yes-terday's close of 218p up 15p, might also be the prospective, even though pre-tax in the current year could reach £47m against the £364m just reported. For the shares to run must, therefore, re- lost some of its appeal. quire a further re-rating.

Although current economic conditions are similar to the pre-crash times of 1972 and 1973 - runaway consumer spending and a property
boom, in the south east anyway –

FNFC as it is now managed is a different business. Its consumer credit

The strain of highly leveraged
takeovers could not be more neatly
portrayed than by yesterday's sale
ferent business. Its consumer credit

of about half the US Allied Stores consumer spending and a property boom, in the south east anyway ferent business. Its consumer credit lending policies are so conservative that its growth in business is parti-cularly admirable, while its proper-ty activities, which were the cause of the problems in the seventies, do not depend on ever-rising house prices. If another crash were to

Drexel index

It is only a matter of months since the most universally approved way to get a share price moving upwerds on Wall Street was to lever banks by the end of 1988. So breakup the returns to shareholders' equity by loading the balance sheet way shead — and probably makes with bond finance.

""" and probably makes much more sense for Campeau In its highest form, of course, this

approach to corporate finance in- prises as Bonwit Teller. The survolved wholesale substitution of prise, rather, is that Campeau still high-yield paper for the ordinary share capital; the tiny equity base that remained underneath a fulscale junk-bond takeover bid was with the property business than the exactly the kind of investment that other retailing businesses which

When Wall Street started to climb at the end of 1985, highly-leveraged stocks naturally climbed faster still; the name of Drexel Burnham Lambert on a company's bond issues appeared to guarantee outperform-

ance for its equity.

A new index of "Drexel Stocks" calculated by Grant's (a New York credit bulletin) shows that a selection of leveraged stocks, with \$8bn of debt on top of them, have dropped a third of their value since the new index peaked in April 1986; the Drexel index ended a net 11 per cent down on the year, against a gain of 24 per cent for the Dow.

Interestingly, the leveraged stocks went into reverse some time before the recent troubles started to accumulate. It may be too early to say that leverage has become defi-nitely unfashionable; it may simply be that when the market slowed last spring, investors started to no-tice that levers have two ends. But what with insider scandals,

the troubles of such borrowers as LTV and Cannon, and the advent of US tax reform - raising the aftertax cost of debt - junk leverage has

group, after it had been owned for less than a week by Campeau, the Canadian property developer. In this case, Campeau is still in the hands of its bankers - having plunged into Allied with the aid of a \$1.7bn bridging loan, and having to support about \$5bn of total debt in the merged company on gross cash flow that is estimated to be short of

all right to take care of the interest, but not when it is added to principal receyments on a punishing schedthan attempting to run such enterapparently wants to keep hold of Brooks Brothers, an operation

That would, perhaps, have been

Canadians win stake in Mercantile House

BY CHARLES BATCHELOR IN LONDON

CROWNX, a large Canadian insur-ance group, yesterday staged a mid-day stock market raid on Mercan-tile House, Britain's second-largest money broking company, and gained control of 14.9 per cent of its shares for just over £44m (\$65.6m). This move, which valued Mercantile's entire equity at £291m, could be the first step towards CrownX launching a full-scale bid for Mer-cantile, although the Canadian group might face opposition from a rival bidder.

Before CrownX was revealed late yesterday as the buyer of the 14.9 per cent holding, Mercantile an-nounced that it was aware that one or more offers might be on the

Mercantile has been the subject of considerable bid speculation in recent months with both Quadrez Securities, a small securities house, diversifying into financial services, mentioned as possible buyers. Mercantile is one of a group of six British companies which have come to dominate the international mar-

ket in money and foreign currency broking in recent years. The largest company is Exco International, acquired this month for £673m by

British & Commonwealth Holdings. Other leading groups are Tullett and Tokyo, MAI holdings and B.P. Martin owned by Quadrex.

S. G. Warburg, Mercantile's mer-chant bank, said CrownX had been in touch to say it regarded Mercantile as an "interesting company" and that they wanted to talk about areas of cooperation.

Mercantile and CrownX know each other and the UK company's board, headed by Mr John Barkshire, the chairman, is willing to talk about cooperation, Warburg

An intriguing aspect of the mar-ket raid is that it was carried out by Alexanders Laing & Cruickshank, the broker which is now part of Mercantile. Before the identity of the buyer of the shares was known analysis said they assumed the share buying was a defensive move to protect Mercantile from a hostile

Analysts were also intrigued at the possibility of a bid being made for Mercantile. This could provoke a backlash from shareholders whowere persuded to sell yesterday at 370p if a higher offer were subse-quently to be made. Laing declined to comment yesterday.

Bankers' rift deepens over Guinness affair

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

THE disagreement between Morgan Grenfell and Henry Ansbacher, the two merchant banks involved in the Guinness affair, over the use to be put, deepened yesterday.

Morgan Grenfell claims that the

sum of £7.6m which was sent to Anshacher was intended as a deposit, and was not to be used to pay for the 2.15m Guinness shares acquired from institutional clients However, Ansbacher maintains

that the money was to be used to pay for the shares, and was applied to that purpose. The sum of £7.6m exactly covered the cost of buying the shares, the stamp duty and the financing of the position during the time the institutions held them. Ansbacher denies that it ever bought the shares itself or carried them on its balance sheet

Initially, Ansbacher acknownedged to Guinness that the transfer was an interest-free deposit, but this was in a letter whose wording the distance distance in the Morgan takenus hid. Although it Initially, Ansbacher acknow had been dictated to it by Morgan Grenfell. On December 10, Ans-bacher sent another letter to Guinness making clear that the money had been used to purchase Guin-ness shares.

which a transfer of money was to was used to buy its shares during be put, deepened yesterday. was used to buy its shares during the last summer's bitterly contested takeover bid for Distillers, in possible breach of the Companies Act. Guinness has denied that any

thority, but Ansbacher says the shares now belong to Guinness, though they are held in an Ans-bacher nominee company. Even according to Morgan Gren-

fell's account, the making of an interest-free deposit in connection with the purchase of Guinness shares could fall foul of the provisions of the Companies Act, which makes it illegal for a company to offer inducements or compensation to those who buy its shares without

trigger a takeover bid. Although it has a number of large institutional shareholders who are expected to remain loyal, the group might seek a further link-up.

INTERIM RESULTS

	Unau half yea 30 Sept 1986	r ended	Audited year ended 31 March 1986
Turnover £'000	23,410	17,359	36,610
Profit before tax £'000	2,110	1,759	3,850
Earnings per ordinary share	20.8p	18.1p	39.2p
Dividend per ordinary share	4.4p	4.0p	15. 0p
Dividend cover (times)	4.7	4.5	2.6

• Earnings per ordinary share up by 15% Bruntons and Woodhead successfully

acquired

CARCLO ENGINEERING GROUP PLC

World Weather



Democratic challenge

Continued from Page 1

projected to bring in \$22.4bn in 1988

Congress has in the past rejected many of these initiatives and they are undoubtedly controversial. Dra-matically cutting farm subsidies in the midst of a farm recession is not something Congress can view with

for visitors to national parks, are sion. The Democrats are however relactant to broach the subject of a straight tax increase while the President is still, steadfastly,

Some Republicans on Capitol Hill

are wondering, therefore, whether just like it was the pro-defence Republican Party which initiated in 1985 the major slowdown in the growth of the defence budget, it tive. Some, including Rep Gray, are toying with the idea of raising the \$1,000 m deficit target, a proposal which would leave his party open to the charge that its concern about fiscal responsibility is mere political responsibility is mere political will have their eyes firmly parties will have their eyes designant. fiscal responsibility is mere politi-cal rhetoric. Various forms of reve-on the implications of any decisions

Reagan warns on budget Continued from Page 1

in particular loans as well as the Elk Hills naval petroleum reserve and the Amtrak railroad – are presented as part of a "privatisation" effort aimed at reducing Governsector and increasing revenues. The White House estimates this could raise \$5.4hm in 1988.

However, it is in the area of spending cuts - where Congress must make the final spending and revenue-raising decisions using Mr Reagan's proposals as a guide or



SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday January 6 1987



London: City & West End, Shuffield, Edinburgh Associated offices throughout USA and Canad Tel. 01-353 6851 Telex 25916

Campeau to reduce debt with sale of Allied assets

BY JAMES BUCHAN IN NEW YORK

CAMPEAU, the Canadian property merged company. Campean plans \$1.7m in a massive open-market developer, is to sell almost half of to sell such well known names as operation, financed by First Boston, ment store group it has owned for mouth Shops and Joske's.

Of Allied's speciality stores, Cam-

agreement of Allied's management, announced it would be selling 16 of Allied's 24 store divisions to meet the onerous commitments set by its lending banks.

Under the terms of its agreement with lending banks, Campean must make payments of \$300m by June 30, \$500m by the end of this year and \$300m in the course of 1988, for

uted about 38 per cent of Allied's Allied's \$4.1bn in sales in 1985, but a much in 1985.

Allied Stores, the large US depart- Bonwit Teller, Garfinckel's, Pty- in half an hour on October 24.

Campeau, which paid \$69 a share, or at least \$3.4bn, in a convoluted womenswear chain, and Brooks takeover battle that ended in the agreement of Allied's management.

Under the terms of its agreement

Allied had not earnings of \$159m

Last Friday, Campeau announced that Edward J. Debartolo, a shop-Allied by the end of the year.

Campean feared losing some \$250m in tax benefits available only pired on December 31.

lower proportion of profit.

The SEC filing confirms the expectation will have an option to the securities and tent to which the purchase of Allied for an has stretched Campean, which has additional \$50m and will buy Allied said that out of 698 stures, only sales of under \$200m. Campean Hed's five regional shopping centres acquired 48 per cent of Allied for for \$400m.

level for such shares. The information to be published will include a profit fore-cast for the current 1986-87 fi-nancial year to March 31, which on current business trends is likely to be in the region of £145m (\$216m) pre-tax. A divi-dend forecast will also be in-ducted.

ciuted.

The prospectus is likely to be an encyclopaedia of British Airways' bistory and an extensive review of its likely inunediate future, including increasts of traffic growth and profitability for 1987—

BA share

offer date

expected

this week

BRITISH AIRWAYS' share sale

offer date is expected to be an-

nounced by the Government this

By Michael Donne

88 and even beyond.

The airline's extensive future re-equipment programme is expected to be prominent in the prospectus because of the sub-stantial sums involved. For the first time, details of the financial package for the recent order for 16 new Boeing 747-460 Jumbo jets, with an option on 12 mere, will be revealed. will be rever

The airline will also outline its liners, of which it is expected to need a substantial number.

Writing the prospectus has been one of the most difficult tasks yet undertakes by the air-line's management and its finan-cial advisors, in view of the on-

Even making a pre-tex profit and dividend forecast for the current year has proved difficult, even though the year still has less than three months to run.

This is because unforesten in-ternational political events can have a serious impact on the air in North Atlantic traffic early wake of the Chemobyl nuclear disaster in the Soviet Union and the US bombing of Libya, giving rise to fears of increased terror-ism in Europe. BA remains confident, how-

ever, that no matter what may happen over the next two months or so, it will still be comfortably in profit for 1988-87 although increasing for 1967-68 or more difficult.

Citicorp 'plans Japan link'

By Anatole Kaletsky in New York Citicorp, the largest US bank, and Dai-Ichi Kangyo, one Japan's higgest hanks, circulated in New York yesterday following predictions of such an agreement made in a Tokyo newspaper last

An unconfirmed report in the Youdard Shimbun said Dal-Ichl would support Citicorp's credit cards in Japan, that the two banks would give customers access to each other's automated would mutually act as agents in

Rockwell proposes defensive convertible share issue

BY OUR FINANCIAL STAFF

electronics, space systems and proxy statement sent to shareholrocket engines, proposes to intro-duce a new class of convertible common shares carrying 10 votes each. term investors in the corporation. The move is a defensive tactic although "the board is not aware of its direction than short-term bol-

approved at the group's annual from 400m.

meeting on February 11, the shares would be distributed by way of a cone-for-one stock dividend. At the same time, the board would consider increasing the cash dividend.

attracts of common shares to c

any proposals involving control of dera," it says. The company also proposes to increase the number of authorised common shares to 600m

ROCKWELL, the leading US mann-facturer of military aircraft and rise 200m A shares is made in a class of shares will permit the board and stockholders "to have the desired amount of time to evaluate

> The new shares will be convertible at the option of the holder on a

ly converted when the shares are ited permitted transfers to family

US steel chairman sells stake

... MR ALLEN PAULSON, chairman and chief shareholder of Wheeing-Pittsburgh, the US steelmaker operating under bankruptcy protecin the beleaguered company to a fellow director, Mr Lloyd Lubensky.

The sale helped raise Wheeling-Pittsburgh's share price by \$% to \$8% in early trading yesterday although the company said it did not know why and at what price Mr ankon had made the sale.

Mr Paulson, who took manage ment control of Wheeling-Pitts burgh in a boardroom coup in Sep-tember 1985, had earlier made his name in the aviation industry. In 1985 he sold Gulfstream Aerospace for \$637m to Chrysler.

Mr Lubensky, a California businessman who joined the board of Wheeling-Pittsburgh a month the Paulson coup, also runs American Jet Industries, an aircraft parts wholesaler he bought from Mr

Wheeling-Pittsburgh, the seventh-largest US steelmaker, and nounced last month that it would take a \$223m fourth-quarier charge against closing its rail business, thus wiping out any earnings for

₹ď

ided.

ber

1355

7.33

15.0

However, the group posted third-quarter earnings of \$19.2m. Thanks largely to freedom from interest payments and more favourable la-bour and supply contracts made possible by chapter 11 bankruptry

Siemens to take control of Florida telecom group

SHEMINES, the West German electrical and electronics group, is step-ping up its assault on the US tel-Pius. The West German concern almunications group.

Siemens has agreed to lift to 100 per cent from 35 per cent its stake in Tel Plus Communications, the main operating subsidiary of the Boca Raton-based Telecom Plus

lated US market for switching and

cations market through a ready distributes equipment at to take full control of through Tel Plus and believes that a the main operations of Telecom full takeover will help its efforts to Pins International, the Florida communications group.

The state of the property of the ing voice, data and image communi-

per cent from 35 per cent its stake in Tel Plus Communications, the main operating subsidiary of the Boca Raton-based Telecom Plus concern.

The move comes amid growing efforts by the West German company to gain a foothold on the deregulated US market for switching and communications.

Indosuez in Canada move

opening up ownership of Canadian

THE LAURENTIAN Group, Canada's third-largest integrated financial services group, has increased its voting control in Geoffion Le Clerc, a large Quebec-based brokerage company, and may become majority owners after seven years.

At the same time Repowe Indeed, and agreement with Mr. Despute Indeed in the Clerc's president will hold 55 per cent. But Laurentian, under an agreement with Mr. Despute Indeed in the Clerc's president will have come time. At the same time, Banque Indo-suez, the French investment bank, marais, can become majority owner

stez, the French investment bank, is to take a 19.7 per cent stake in the brokerage company, giving it a new international operating link.

The move has been made possible by proposed federal legislation opening up ownership of Canadian ternational securities naturals. In opening up ownership of Canadian investment firms to other financial services groups and outsiders.

Le Clerc, the second-largest Quebec-based brokerage group has expanded nationally in the past two years.

Laurentian has about 10 per cent terrational securities natwork. In November it acquired Wico, the stockhroking subsidiary of the UK money broker Exco.

In North America, Indosuez also recently bought a majority stake in GNP Commodities, a trader on the Chicago futures markets.

BATTLE FOR AUSTRALIA'S HERALD AND WEEKLY TIMES HOTS UP FOLLOWING NEW BID

Pressure mounts on Murdoch

cern yesterday reinforced pressure on Mr Rupert Murdoch to improve his hid and simultaneously drove stake. the stock market to unprecedented

A bout of feverish share trading oushed the widely watched All Or-The prospectus will contain virtually all the key facts necessary for a flotation, except for the actual share price, which will not be revealed until much later this dinaries index up 16.2 points on the Australian stock exchanges, carry-ing it through the psychological 1,500 barrier to finish at 1,503.1. All other relevent details will e included, however, such as se number of shares on offer

AS910m (US\$606m) takeover bid from Fairfax announced late on Sunday night. It rose AS3 from Fricents above the hid price of AS20 a share. Share prices for Fairfax, HWT, News Corporation and others

Fairfax's entry into the HWT fray

JOHN FAIRFAX GROUPS intervention in the intense Australian fight of Queensland Press, the Bristakeover battle for the Herald and bane company whose main publicathis offer to A313.50 last Thursday

Financial Review. Like HWT, it also owns television stations.

Fairfax's Queensland Press bid tion is the Courier-Mail. It is the and won the support of the board on based HWT, with a 24 per cent Mr Murdoch.

Analysts agreed that the move helped the bid for HWT made by Mr Robert Holmes à Court, the Perth-based entrepreneur, by underpinning the remarkable value of AS2.025bn put on HWT by his bid—a value some have thought to be too high.

The critical question was whether

ke. An angry Mr Murdoch has since Analysts agreed that the move said he will not raise his bid, main-

The critical question was whether be his last. For him the alternatives chief executive of Queensland ir Holmes à Court's rival, Mr Murto raising his cash offer yesterday Press, is known privately to favour Leading the way yesterday was

The critical question was whether be his last. For him the alternatives

Queensland Press, the target of an Mr Holmes à Court's rival, Mr Mur to raising his cash offer yesterday doch, would now increase his originate appeared to be to drop the offer almal AS 12-a-share bid for HWT together or, more ambitiously, to made by News Corporation early hid directly for John Fairfax.

meanwhile prevents any quick deci-

sion by the company over which of the Murdoch or Holmes à Court offers to accept.

That decision was likely to prove difficult. The company is 48 per cent controlled by HWT as the re-sult of a cross-holding, but Queens-land Press is not committed to accepting the HWT hoard recommen-dation of Mr. Holmes à Court's bid. Indeed, Mr Keith McDonald,

get of an unwelcome takeover, it Mr Mindoch's offer, which valued looks to many to be even more attractive than HWT, especially at three weeks later by one of A\$13 a current prices. It publishes the share from Mr Holmes à Court, prestigious Sydney Morning Herwho is operating through J. N. Tay-

Ottawa turns down share of Syncrude loan

THE Canadian Federal Govern- Cilbn in net revenues from the opment has declined to participate in a C\$200m (US\$153m) ioan being negotiated for Syncrude Canada to en-sure completion of its current C\$750m expansion project.

Syncrude, a consortium of several leading off companies including Petro-Canada, has also already invested about C\$400m on expan and processing plant near McMmrray, Alberta, to 150,000 barrels daily. The programme was begun well before the late 1985 collapse in

world oil prices.

The Federal Government said it has provided CS2.5bn through faderal tax credits to Syncrude since it started up a decade ago while the

come up with half the loan, as requested by Alberta.

Alberts has replied that the prov-ince is prepared to find all the mon-ey but will make sure the funds do

try posted aggregate net profit of about C\$650m in the first half of 1986, down 56 per cent from about fell 32 per cent to C\$3.8bn, and capital spending dipped 14 per cent to CS4.4bn.

Total industry revenues were down 22 per cent to C\$25.3bn, the Federal Petroleum Monitoring

Japanese shipbuilders' debts mount to Y69bn

THREE companies belonging to the Tanaka Sangyo shipbuilding group have applied to the Otta District Court for composition proceedings. With debts totalling Y69bn (\$436m) they represent the largest business failure so far by the Japanese ship-

building industry.

Tanaka Sangyo, the group's core company engaged in ship leasing and the management of real estate, has seen its business performance deteriorate amid the worldwide

Y19bn and Tanaka Shoji Y14bn. The creditor banks of these three companies said they had concluded that their financial supports had a

teral left. Tanaka Sangyo group is in the process of streamlining its business by reducing the workforce of its five shipbuilding group companies by 40 per cent from 1,680 to 1,000 work-

shipbuilding recession.

The other two group companies involved in the court move are Minaminhon Zosan, the core shipyard within the group and Tanaka Shoji, a trading company.

According to a private credit agency, Tanaka Sanayo's debts to agreement had been reached.

This announcement appears as a matter of record only.

BHF-BANK

A\$50,000,000

BHF-BANK FINANCE (JERSEY) LIMITED

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Issue Price 1014%

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> BANCA DEL GOTTARDO BANK MEES & HOPE NV BANQUE BRUXELLES LAMBERT S.A. BAYERISCHE VEREINSBANK AKTIENGESELLSCHAFT CIBCLIMITED COMMERZBANK AKTIENGESELLSCHAFT

> > DG BANK DEUTSCHE GENOSSENSCHAFTSBANK DRESDNER BANK AKTIENGESELLSCHAFT GENOSSENSCHAFTLICHE ZENTRALBANK AG VIENNA KREDIETBANK INTERNATIONAL GROUP **MORGAN STANLEY INTERNATIONAL** MORGAN GUARANTY LTD NEDERLANDSCHE MIDDENSTANDSBANK no. PRIVATBANKEN A/S

RABOBANK NEDERLAND SWISS BANK CORPORATION INTERNATIONAL LIMITED VEREINS-UND WESTBANK AKTIENCESELLSCHAFT WESTDEUTSCHE LANDESBANK GIROZENTRALE

GROUP'S FOURTH YEAR AT THE TOP WITH \$44BN IN MANAGED SECURITIES

Salomon heads corporate debt underwriters

Lambert kept its number one position in the high-yield securities market, sole or lead managing an elimed to 17.9 per cent from 18.1 per cent from 18.1 per cent market, sole or lead managing an elimed to 17.9 per cent from 18.1 per cent market share, up from junk bonds, where Dream is leader. St. Ibn and 5.8 per cent, respective cent in 1985. But investment bends, where Dream is leader. St. Ibn and 5.8 per cent, respective cent in 1985. But investment bends cent in 1

While Salomon's tally for 1986 is perienced less of an erosion in marper sharply from \$26.26bn in the previous year, the firm's share of the new issue market slipped to 19.4 per cent from 25 per cent in 1985, the IDD statistics showed.

Salomon's tally for 1986 is perienced less of an erosion in marper share.

According to its own figures, First Boston has managed 89.1 per cent of the deals in this specialised \$11.3bn market since it introduced The IDD statistics showed. A record \$230hn of new corporate offerings, including straight debt, esset-backed securities, colletera-

junk bonds, where Drexel is leader.
Morgan's strategy clearly yielded
results, underwriters said.

Morgan Stanley was placed third
among the most active junk bond
managers, bringing an estimated
32.84bn of such deals to market last
for a 6.9 per cent market
share Morgan's tally for 1965, when
it ranked fourth in this area, was
\$1.00bn for a 5.7 per cent market
lead in the junk bond market.

Merrill Lyuch Capital Markets

volume of \$25.17bn and market share of 11 per cent, up from the prior year's results of \$11.27bn for a 10.7 per cent share of the new issue

market, IDD figures show.

Merrill raised itself a notch in the

fourth consecutive year, Reuter reports from New York.

It managed an estimated \$43.35m of general and convertible securities, according to figures compiled by IDD Information Services.

Meanwhile, Drexel Burnham Lambert kept its number one position among under year's tally of \$19.35m.

As were the more than double the prior year's tally of \$19.35m.

As were the more than double the prior year's tally of \$19.35m.

Volume of \$7.15m and market share of 6.8 per cent.

Officers on Morgan's corporate syndicate desk said the firm won prior position among underwriters, where the prior year's tally of \$19.35m.

The street rates.

The street rates.

Officers on Morgan's corporate syndicate desk said the firm won prior position among underwriters, and the prior year's tally of the past few years.

The street rates.

Officers on Morgan's corporate syndicate desk said the firm won prior position among underwriters, and the firm won prior position among underwriters, are below to the past few years.

The street rates.

Officers on Morgan's corporate syndicate desk said the firm won prior position among underwriters, are below to the past few years.

The street rates.

Officers on Morgan's corporate syndicate desk said the firm won prior prior position among underwriters, are below to the past few years.

The street rates.

the concept in March 1985. ised mortgage obligations, conver-or year. IDD estimated it managed tible securities and floating-rate \$27.42bn of offerings for a 12 per

SALOMON Brothers topped the list debt, flooded the market last year cent market share, up from 1985 retained the number four slot in the on the heels of a sharp drop in US volume of \$7.15bn and market in 1986, with

They said Morgan also set out in high-yield area last year to number 1985 to increase its share of collait two from third place in 1985. It

Morgan Stanky jumped to third place last year from sixth in the pri-place last year from sixth in the pri-place last year from sixth in the pri-place last year from sixth in the pri-tions.

INTL. COMPANIES AND FINANCE

Chicago futures exchanges see record volumes

By David Owen in Chicago

CHICAGO'S two major futures exchanges, the Chicago Board of Trade (CBOT) and the Chicago Mercantile Exchange (CME), last week announced annual volume records capping another highly satisfactory year for the industry as a whole.

the world's largest futures ex-change, reached 190.8m contracts in 1988 – up 29.2 per cent from the 1985 level. Volume at the smaller CMK, meanwhile, totalled 68.8m – un increase of 21.5 per cent from a

consecutive annual volume record. The CBOT has reached a similar ndmark in 18 of the past 19 years.

Belgian banks discuss revision of loan to Cockerill-Sambre

BELGIAN banks are discussing a possible revision of the terms of a BFr. 27bn (\$500m) loan to Cockerill-Sambre, the troubled steel group, the Finance Ministry said. Negotiations with the Government are expected to be completed by the middle of this month.

ded interest of 12.675 per cent. The second, made available in November 1984, was for BFr 10bn at 12.25 per cent and the final BFr 15bn forwarded in July 1985, carried interest at 11.75 per cent.

Last summer, the Belgian Government representated terms on

The losn, in three tranches each for 23 years, was obtained for the state-controlled steelmaker through the Wallonian Committee for the Public Sector, an organisation controlled by the local government in the Walkmian, or French speaking, part of Belgium.

The first tranche, advanced in Ju-

ly 1984, was for BFY. 2bn and carri-

loans supplied by the country's major financial institutions.

8 per cent, with the rest of the inter-est due paid through eight-year treasury bonds carrying relatively

similar arrangement, which involves relatively light sacrifice by the banks, could be one of the op-

The renegotiation is part of a Last summer, the Belgian Govpackage of measures agreed by Belernment renegotiated terms on ginm's centre-right Government
more than BFr 1,300bn of long-term which also involves financing the oans supplied by the country's marationalisation of a state-owned
or financial institutions.

Immediate interest was limited to
per cent with the country's marationalisation of a state-owned
coalfield in the Dutch-speaking
province of Limburg, officials said.

It is understood that the major banks most heavily involved in the Cockerill-Sambre loan were Genérale de Banque and Banque Brux-elles Lambert.

N. AMERICAN QUARTERLIES

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COOPERVISION Byo care products	Party Allo Drug stares Taird sparter 1000-07 1005-00
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lovezet	Piret quarter
ATTORIAL MEDICAL,	Not per share,

NOTICE OF PREPAYMENT THE MITSUBISHI BANK

> · (Incorporated in Japan) US\$30,000,000 Callable Negotiable Floating Rate **Dollar Certificates of Deposit**

No. FRCHEM4 00001 to 00030

Issued on 7th February 1984

Maturity Date 10th February 1988
Optionally Callable on 9th February 1987

Notice is hereby given that in accordance with the Clause of the Certificates of Deposit (the "Certificates") The Mitsubishi Bank, Limited (the "Bank") will prepay all outstanding Certificates on February 9 1987 (the "Prepayment Date"), at their principal

Payment of the principal amount, together with accrued interest to the Prepayment Date, will be made on the Prepayment Date against presentation and surrender of the Certificates at the London Branch of the Bank.

Interest will cease to accrue on the Certificates on

London Branch
L. King Street, London ECZV SLQ
5th January, 1987 The Mitsubishi Bank Limited

Dillon, Read Limited

All of these securities have been sold. This announcement appears as a matter of record only

Dillon, Read & Co. Inc.

S.A. Cimenteries CBR Cementbedrijven N.V.

has acquired the cement and construction materials businesses of

Genstar Corporation

a subsidiary of

Imasco Limited

The undersigned acted as financial advisors to S.A. Cimenteries CBR Cementbedripen N.V. in this transaction.

January 6, 1987

\$100,000,000

General Motors Acceptance Corporation 73/4% Notes Due December 1, 1993

Bear, Stearns & Co. Inc.

New York/Atlanta/Boston/Chicago/Dallas/Los Angeles/San Francisco Amsterdam/Geneva/Hong Kong/London/Paris

All of these securities have been sold. This announcement appears as a matter of record only

New Issue

\$100,000,000

WARNER

Warner-Lambert Company

71/2% Notes Due December 1, 1993

Bear, Stearns & Co. Inc.

The First Boston Corporation Goldman, Sachs & Co.

Morgan Stanley & Co.

LIEGE

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Norddeutsche Landesbank Girozentrale

> We are pleased to have been appointed as a Dealer for this program.

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December 15, 1986

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takes pleasure in announcing the opening of its offices on January 5th, 1987 in

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Melbourne San Francisco Sydney

INTERNATIONAL CAPITAL MARKETS and COMPANIES

Eulabank

plans big

capital

increase

By David Lascelles

EULABANK, THE London

based consortium bank which specialises in Latin American

specialises in Latin American finance, yesterday reported a small decline in pre-tax profits, but is substantially increasing its capital.

The hank earned £8.7m (513m) after making what it described as "substantial" provisions against its Latin American loan book. This compares with earnings last

American loan book. This compares with earnings last year of £8.9m. The decline was due partly to lower yields on the bank's own reserves, and to exchange rate effects. As in previous years, Eulabank is paying no dividend to the 22 European and Latin American banks which own it. Instead, it is making a transfer of £4.8m to its general reserve-

general reserve.

The shareholders have also agreed to an increase in the share capital to £25.2m through a transfer from the general reserve of £8.3m, and the icense of new chorse in the

Eurobond market back to work with a vengeance

ay Jamany,

ording to be to be a realist to the control of the

under a la

Report to British By

all control of the of the best

is unit would have

the first transfer for the factor of the fac

PAYMENT

HI BANK

Floating Rate i of Depart H to Co., i ruary (10); chroses 1968 th February 1987 in act or cance by Dein if the "C Lancied the ertained on Pe ste"), at their pr antount, togethe Physican Date, k the distanted present ificulting at the b

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AKH1

Morgan Guaranty syndicated att \$200m deal for Finland swiftly in the morning even though some dealers were dubious about investor interest in paper as long as 10 years.

None the less, the terms looked attractive for an issue that is rated triple-A by both US rating agencies. With a coupon of 7f per cent and issue price of 1011, the deal provided a yield margin of about 70 basis points over US Treasury bonds.

Morgan Guaranty said to

Morgan Guaranty said it bought only small amounts of the issue back in the course of the day. The bond was quoted at discounts within the level of the 2 per cent total fees.

Deutsche Bank Capital Mar-

The issue, which matures in was launched with a 14 per cent also leading a simultaneous January 1994, pays interest at coupon and 101f issue price. LFr 2.7bn syndicated loan.

THE EUROBOND MARKET got 71 per cent and is priced at back to work with a vengeance 1001. Dentsche Bank said it also been attracting demand yesterday after the Christmas was selling at discounts within from Continental investors in and New Year break. Of the the 11 per cent get of the the 12 per cent set of the the 12 per cent set of the the 13 per cent set of the the 14 per cent set of the the 15 per cent and is priced at also been attracting demand at the 15 per cent and is priced at also been attracting demand at the 15 per cent and is priced at also been attracting demand at a set of the 15 per cent and is priced at also been attracting demand at a set of the 15 per cent and is priced at also been attracting demand at a set of the 15 per cent and is priced at also been attracting demand at a set of the 15 per cent and is priced at also been attracting demand at a set of the 15 per cent a and New Year break. Of the the 1½ per cent fees in early view of the recent strength of day's crop of deals, a couple in trading, although it slipped sterling, and higher of prices. later to appear on a brokers' It was left buoyant vesterday as an an one in sterling also issues in Australian dollars of 2½ per cent on the bid side. Nevertheless, Kleinwort and one in sterling also investor interest seemed low Benson issued a £50m issue for appeared, testifying to the

> accept underwriting positions fees. this week, as a heavy load of Wa INTERNATIONAL

new deals is expected and they will want to leave space for their own issues.

Houses active in the Australian dollar sector were rushing to take advantage of the enthusiasm shown for this high-yielding sector over the last few weeks by Continental investors. They have been reassured by the firmness of the recurrency and declining domestic.

Although Their prices eased slightly during the day.

In West Germany, Chrysler-Financial issued a DM 150m effect their particular and particular and their prices eased slightly during the day.

In West Germany, Chrysler-Financial issued a DM 150m effect their own issues.

In West Germany, Chrysler-Financial issued a DM 150m effect their own issues.

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In West Germany, Chrysler-Financial issued a DM 150m effect their own issues.

In West Germany, Chrysler-Financial issued a DM 150m effect their own i

reassured by the firmness of the non-calladus currency and declining domestic som Proper interest rates in Australia.

Broken Hill Proprietary, the petroleum, minerals and steel group, issued a A\$75m five-year bond led by Orion Royal Bank.

The second results and steel states are second results and steel states are second results. Deutsche Bank Capital Mankets found a more reserved response to the \$200m debut Eurobond issue it led for Kreditanstalt fuer Wiederantbau (KfW) with CSFB as colead. This was surprising, insofar as KfW's credit standing is close to that of the West German government. It is a state agency established under its own act in 1948, and directly supervised by the Ministry of Finance, which provides finance for domestic investment and export financing.

The trouble is that many dealers are unfamiliar with KfW's name, although Deutsche Bank said that it should be familiar to long-standing institutional investors which have bought KfW's domestic D-Mark bonds.

The issue, which matures in Interest rates in Australia and steel group, issued a A\$75m five-year bond for Australia and steel group, issued a A\$75m five-year bond for D-Mark bonds.

Currency and declining domestic interest rates in Australia, and steel group, its sued a A\$75m five-year bond steel pment of the UK. Priced at par, the 6 per cent 1992 bond marks the borrower's debut in D-Mark. It pays interest at 14‡ per cent and is priced at 101½.

Meanwhile, Hambros Bank issues moved up between ‡ and ½ point thanks to renewed investors met building materials company of the UK. Priced at par, the 6 per cent 1992 bond marks the borrower's debut in D-Mark. It pays interest at 14‡ per cent and is priced at 101½.

Meanwhile, Hambros Bank issue price. The coupons on both issue price. The coupons on both issue price. The coupons on both issue price. The coupon and a 101½ issue price. The Cayman Islands financing arm of the multi-neuronal priced the per cent successive price. The coupon and a 101½ issue price. The coupon and a 101½

FT INTERNATIONAL BOND SERVICE

and one in sterling also Investor interest seemed low Benson issued a zoum manager and one in sterling also Investor interest seemed low Benson issued a zoum manager sterling appeared, testifying to the for the time of year, even Amro Bank. The 104 per cent strength of demand for these thigher-yielding sectors that has built up over the past few of lower interest rates. Co-issue was trading at discounts managers may be rejuctant to close to the level of the total

Warburg Securities' two Eurosterling issues for Deutsche Bank and Krediethani, issued last Friday, were also quoted within their fees yesterday, although their prices eased slightly during the day.

non-canadae issue for manner son Property Investment and Development of the UK. Priced at par, the 6 per cent 1992 bond marks the borrower's debut in

through a transfer from the general reserve of £8.3m, and the issue of new shares to the owning hanks. Following these transactions, the reserve will stand at £22.7m, down from £26m last year. A subordinated loan of £10m is also to be converted in a perpetual loan, qualifying it as primary capital.

Mr George Gunson, managing director, said these moves were intended to strengthen the bank's balance sheet at a time when bank regulators are asking banks to improve their capital ratios.

Enlabank has converted its general reserve from sterling into dollars in arder to produce a better currency match between its liabilities and its assets. However, it intends to study the recent decision by Scandinavian Bank, another consorthms bank, to by Scandinavian Bank, another consortium bank, to convert its share expital into several currencies before considering a similar move

> Total assets of the bank are 2820m. Of this, loans account for 2564m with 95 per cent of for 2564m with 95 per cent of them to public and banking sector borrowers in Latin America. Bulobank ares in provisions more than cover its private non-bank sector risks. It has improved its borrower profile through asset swaps, and the board recently approved its participation in the new financing nackage for Mexico.
>
> The bank is now developing new sources of business,

> new sources of business, particularly trade finance with Latin America. Mr Gunsen said \$50m of lines had been set up.

Danish central bank lifts limit on intervention

THE NATIONAL (central) hank of Denmark yesterday raised the limit on interest rates at which it will inter-vene in the day-to-day money

The bend market has also suffered from the currency ancertainty. Prices have tallen by about 31 points in the first two trading days of the New Year, pushing effective yields on government houds to about 112 per cent and on mortgage bonds to 122 per cent.

Tokyo forex brokers extend trading hours

THE EIGHT Japanese brokers on the Tokyo Foreign Exchange Market have extended their trading hours in response to the authorities' appreval of 24-

hour trading.
Until now, foreign exchange dealings through the exchange have been conf vocame or pusiness has been conducted by the 40-odd foreign banks in Tokyo out of hours, through the eight brokers' of abour agents and

of the rapid expansion of foreign exchange operations that has followed the growth in transactions by Japa

markets. Approval by the Ministry of Finance and Bank of Japan of 24-hour trading, as well as accepting the changing reality of the market, representations and back sents an attempt to win back to Tokyo much of the yen-dollar business that has been transacted in Hong Kong and

Singapore in recent years.

Figurine Panini FIGURINE PANINI has asked us to correct a report in the FT of November 14 1986, describing their busias the production of alabaster figurines. The com-pany is in fact a leading pub-lisher and distributor of selfadhesive picture eards and albums. We regret the conHaig Simonian on West Germany's largest government-owned bank

KfW to increase funding abroad

Once the rubble was cleared, it started to change character, by the 1950s new activities like export finance were bing taken on board.

on board.

Since then, KfW has grown
into West Garmany's largest
government-owned bank and the
country's thenth biggest bank overall its balance sheet is expected to reach about DM 93bn by the end of this year. Some 80 per cent of its capital is held by the Federal Republic, the remainder owned by West

the remainder owned by west German states.

Although it has diversified from post-war bricks and mortar, KfW remains an impor-tant state-supported shonsor for West German economic manage-ment. Lending to flexible small and medium-dized companies, seen by successive governments as among West Germany's key economic assets, is KfW's bread

IT MAY NOT roll off the notably for ships and aircraft of the cake, account for almost ing the fixed-rate long-term tongue, but Kreditanstalt fuer — are KfW's second sphere of half the total funds raised in financing needs of its domestic Wiederaufbau (KfW) West interest Export credits and the past two years.

Germany's Reconstruction Loan lending to foreign borrowers "KfW has up to now been now changing as dollar-denomination of the cake, account for almost ing the fixed-rate long-term tongue, but Kreditanstalt fuer — are KfW's second sphere of half the total funds raised in financing needs of its domestic clients. However, matters are now changing as dollar-denomination of the cake, account for almost ing the fixed-rate long-term tongue, but Kreditanstalt fuer — are KfW's second sphere of half the total funds raised in financing needs of its domestic clients. However, matters are now changing as dollar-denomination in the fixed-rate long-term tongue, but Kreditanstalt fuer — are KfW's second sphere of half the total funds raised in financing needs of its domestic clients. However, matters are now changing as dollar-denomination in the fixed-rate long-term tongue, but Kreditanstalt fuer — are KfW's second sphere of half the total funds raised in financing needs of its domestic clients.

Borrowed Funds



seen by successive governments as among West Germany's key economic assets, is KfW's bread and butter.

The bank is also a cog in the federal government's exclusive change from the federal government's exclusive changes from the federal government's exclusive changes from the federal government's exclusive changes from the federal government's exclusive from the federal government's exclusive changes from the federal government's exclusive changes from the federal government's exclusive from the federal government's ex

the past two years.

"KfW has up to now been now changing as dollar-denomi-

currency.

Hence KfW's Eurodollar debut. The bank is unlikely to become a prolific Euro-borrower—despite just gaining a triple A rating from both US credit agencies. Careful matching of assets and liabilities means it will only borrow abroad when it has a matching foreign currency loan exposure.

KfW's senior managers dismiss talk that it has not made enough of its blue-chip status—its borrowing is backed by the full faith of the Federal Republic—which could let it borrow much more aggressively

borrow much more aggressively abroad, possibly on the lines of the World Bank.

The bank's board of directors The bank's board of directors, which reads like a Who's Who of the West German public and private financial and industrial establishment, would not approve of any overt currency risk. There may also be some tacit discouragement from the Runderbank

Banks to meet on \$330m Redec debts

INTERNATIONAL banks will meet in Bahrain at the end of this week in a bid to recover loans worth more than \$330m they made to one of Saudi Arabia's most prominent private sector companies, Rester reports from Bahrain. Bankers said that creditors of the Saudi businessman, stunned the banking world in December 1985 when they made to one of Saudi Arabia's most prominent private from Bahrain. Bankers said that creditors of the late 1970s and their loans. At the end of March 1986, call problems as the region's nessman, stunned the banking world in December 1985 when the sall of the late 1970s and their loans. At the end of March 1986, call problems as the region's nessman, stunned the banking world in December 1985 when the sall of the late 1970s and their loans. At the end of March 1986, call problems as the region's nessman, stunned the banking world in December 1985 when the sall of the late 1970s and their loans. At the end of March 1986, call problems as the region's nessman, stunned the banking world in December 1985 when the sall of the late 1970s and their loans. At the end of March 1986, call problems as the region's nessman, stunned the banking world in December 1985 when the sall of the late 1970s and their loans. At the end of March 1986, call problems as the region's nessman, stunned the banking world in December 1985 when the sall proposals which will be discussed by a full meeting of the late 1970s and their loans. At the end of March 1986, call problems as the region's nessman, stunned the banking world in December 1985 when the sall problems as the region's nessman, stunned the banking world in December 1985 when the sall problems as the region's nessman, stunned the banking world in December 1985 when the sall problems as the region's nessman, stunned the banking world problems as the region's nessman, stunned the banking world problems as the region's nessman, stunned the banks of the late 1970s and their loans. At the end of March 1986, call problems as the region's nessman the result o

This announcement appears as a matter of record only.

December, 1986



U.S. \$300,000,000

Bank of Greece

Eurocommercial Paper Programme

Dealers

Bankers Trust International Limited Morgan Grenfell & Co. Limited

Salomon Brothers International Limited Saudi International Bank AL-BANKAL-SAUDI AL-ALAMI LIMITED

Union Bank of Switzerland (Securities) Limited

Co-ordinated by

Salomon Brothers International Limited

Morgan Grenfell & Co. Limited

shalpht Bends; The yield is the yield to redemption of the mid-price; the amount issued is in willhous of currency units except for You bonds where it is in billious. Change on week = Glauge over soles a water earlier.

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ASH US

associate

offshoot

By Charles Batchelor

sells major

Network Security Corpora-

Network Security Corpora-tion, a US electronic security company, in which Automated Security Holdings (ASH) has a 26.5 per cent stake, is selling Network Multi-Family Corpora-tion to Inspectorate Inter-

tion to Inspectorate Inter-national for \$39m (£26.3m).

Inspectorate, a publicly-quoted Swiss company headed by Mr Werner K. Rey, has also bought a 12 per cent direct holding in Network from Mr George K. Broady, Network's chairman and chief executive. Inspectorate is an inspection and engineering consultancy

and engineering consultancy group which has also built up a property portfolio and bank-ing interests under Mr Rey.

All-round growth gives FNFC 65% profit boost

poration, the once ailing finance group, increased pre-tax profits by 65 per cent in the year end-ing October 31 1986, and expected to report further improvements this year.

Pre-tax profits amounted to £36.4m compared to £22.1m last year. Both of the company's main operating divisions, lending and property and con-sumer credit, contributed to the

Lending and property, which includes the newly acquired bank Twentieth Century Banking, and its property-owning activities, earned £13.9m. Of this £4.6m was earned by TCB in the Six months single it was in the six months since it was bought. The remainder came from the management and dis-posal of some of the flats which FNFC still owns through foreosures on defaulted loans.

The consumer credit divi-sion earned £27.1m, up from £18.4m, mainly from activities like home improvement loans and personal loans. The loans



Mr Richard Langdon, chair-Corporation

were almost all at variable Charged against the earnings of both divisions was \$4.5m in financing costs incurred

through First National Securities (Holdings) which finances the group's loan stock.

Total dividend for the ye is 6.39 per share, up from 4p last year. Earnings per 10p share were 27.4p (16.5p) basic or 24.3p (15.5p) fally diluted.

The group still has £30m in tax losses, but these could only be applied selectively favinst the earnings of the parts of the company where the losses were incurred.

Mr Richard Langdon, chairman, said that carning assets had increased from \$470m to More than \$800. "Thus we enter 1987 with confidence and in the belief that we will report

He said that FNFC might He said that FNFC might make further acquisitions, but these would be of a tactical rather than strategic nature, and would be related to the company's existing activities. He mentioned building societies as one possibility.

See Lex

Bryant issues ECC bid defence bolster

By Chy Harris

Bryant Holdings, the Mid-tands-based housebuilder and property developer, will publish today a long-awaited asset valuation to bolster its defence against a takeover bid from English China Clays.

Bryant will also produce a profit forecast for 1987-88 to add to its previous prediction of more than £21m in the year to May 1987.

ECC has failed to convince EUU has failed to convince the stock market that its three-for-seven share offer will be sufficient to win Bryant. The clays, quarrying and construction group's shares closed yesterday at 3111p, valuing Bryant at 133.5p, below the market price of 162p.

An increased offer, although prematurely anticipated three weeks ago by Bryant's financial advisers, had not been expected to emerge until after Bryant updated the valuation of its development land bank from the E7L9m figure at May 31 1886.

South and South West in April Barings, Metal Box's merchant bank adviser, will take up all the newly-issue shares and place them with investment clients of itself and of Cazenove. Dealings in the new shares will product development, overheads prematurely anticipated three weeks ago by Bryant's financial advisers, had not been expected to emerge until after Bryant

Metal Box in \$13.9m US printing expansion

Hetal Box, the packaging and computer systems, group is expanding its security printing operations in the US with the purchase of Rudeo Industries for \$13.9m in shares. It will place 5.32m shares, representing 1.7 per cent of its enlarged county at an underwritten printing technology and involvements. Industries for \$18.9m in shares.

It will place 5.32m shares, representing 1.7 per cent of its enlarged equity at an underwritten price of 175p each.

Budes in a majorital armonic price in plants with offset printing technology and the implementation of a computerised involving system.

Rudco is a privately-owned cheque printer operating princi-pally in the mid Atlantic and north-eastern states. It made an

The Rudgo purchase comes three years after Metal Box first went into security printing in the US with the establishment of greenfield site in Los Angeles in 1983. It went on to buy Clarke Checks, operating in the South and South West in April 1985 and Chek Print, Seattle.

Rudco's 1985 profits were adversely affected by the cost of

Rudeo is a privately-owned cheque printer operating principally in the mid Atlantic and north-eastern states. It made an operating profit of only \$200,000 this year on sales of \$38.9m in 1985 and employs 670 people.

The Rudeo purchase comes three years after Metal Box first th

According to industry esti-mates the 1985 market for cheques in the US was about 46bn cheques. This is expected to grow by 8 per cent a year.

lift Carclo profits to over £2m

INCLUDING a contribution of £296,000 from Bruntons (Musselburgh), acquired late Angust 1986, taxable profits of Carelo Engineering Group, Huddersheld - based card clothing and ongineering products concern, moved ahead from £1.76m to £2.11m for the half year ended September 30 1988. Turnover amounted to £22.41m, against £17.26m, and included £5.14m from Bruntons.

The directors stated that

The directors stated that results for the six months reflected satisfactory trading from the group's operating divisions and, spart from Bruntons, teek into account the equity accounting of the group's investment in Jones Woodhead—acquired last November.

They added that almost all companies in the enlarged group had order books higher than at the same time last

Fully diluted earnings per stare were given as 20.5p, compared with 18.1p while the interim dividend is introduced to 4.4p (4p) not.

Having third up the care business of card clothing and sold off the Indian subsidiary. Carcie is now tiptoeing into the limelight as a unincongenerate but these figures reveal only the cardiest stages of his expansion plans. Brustons is only just included in these figures and Jonas Woodhead was not bought is time to make a contribution in the first half. For the immediate fatture, the company will concentrate on digesting its revent purchases but the 11 per cent stake in Destitand Stamping gives a hist of things to come. Cardiething may seem an uncertifing business but textile producers depend on it and the barriers for entry into the market are high, so major suppliers like Carcie benefit from any unsurge in demand. The other main presequishtion arm was wire which mainly supplies the communer goods industries and has thus been helped by the recent unsurge in consumer demand. For the full year, pro-tax profits are likely to be around \$4.7m, putling the shares at 425p, on an undemanding prospective p/e of just under 18.

Acquisitions | Norfolk Capital agrees to talks after approach from S & N

Nerfeik Capital, the hotels group, has agreed to talks this week after an approach by Scottish & Newcastle Breweries. Mr Anthony Richmond Watson, Norfolk chairman, confirmed that SaN was believed to hold about 5 per cent of his com-pany, although official notifica-tion had not been received. Mr Alick Rankin, S&N muel executive, had sought discus-sions and Norfolk had agreed

Mr Richmond-Watson is a director of Morgan Grenfell, which has also acted for Norfolk sions and Norrolk han agreed as it would with any 5 per cent shareholder. Mr Richmond-Watson said. As to Norfolk's attitude to any bid from S&N, Mr Richmond-Watson said:

"One hasn't come. We're not guing out looking for one."

Which has also acted for Norfolk in the past, This would certainly pose a conflict, Mr Rankin said.

Financial advice, in any case, was a matter of "special situations" these days and S&N

Mr Rankin has declined to the confirm or deny that it has tacts," he said. Hill Samuel built up a stake in Norfolk declined to comment yesterday capital. He said, however, that in the hypothetical case of S&N making an approach, it would not be able to use Morgan Grenfell as advisers as it did, for example, in its bid for Matthew Brown.

Matthew Brown.

appointed it as adviser.

Norfolk Capital operates 10
hotels including the Royal
Court and Norfolk in London
and the Caledonian and North
British in Edinburgh, both
bought in September 1986. It
reported pre-tax profits of
£439,000 on turnover of £5.6m in
the six months to June.
S&N operates 29 hotels
through its Thistie Hotels subsidiary.

Norfolk Capital shares were unchanged at 30p, and S&N was 2p lower at 198p.

Management buys out BSR's Taiwan offshoot

debt. Morgan Grenfell, advisers to Morgan Grenfell, advisers to BSR, said yesterday that the disposal of Capetronics "removes a high avolume, low margin business which has a high currency risk."

Under the impact of the strong Taiwanese dollar and the yea, Capetronic has struggled to maintain profits and in suite

BSR International has sold its
Capetronic electronics group of
enbaidiaries based in Taiwan to
its management for \$12.25m
(£8.29m) and will apply the
proceeds to reducing group

At the end of 1885 BSR had net debts of £37m, which in-creased due to the cost of the

rising sterling value of the working capital requirements of the Capetronics operation by the interim stage. Shareholders' funds totalled 257.8m and in-cluded the negative Capetronic contribution of £2.42m.

Capetronies management will pay BSR \$5m in eash, \$6m in bank guaranteed promissory notes, and \$1.25m in 7 per cent convertible redeemable preference shares in the new company they are forming.

Mr Bill Wyllie, BSR's chairman sald in a statement that

yen, Capetronic has struggled to maintain profits and in spite of a pre-tax contribution to the group of 5600,000 in 1985, the sub-group had a negative net worth of 53.5m.

After this disposal BSR, which was once a top name in the record player turnable business, will consist primarily of after this sale the group would be predominantly a high techning equipment company based in Hong Kong, Swan, the household electrical goods company and a 60 per cent stake in

US purchase for Cement

Cement-Roadstone Holdings,
Dublin - based construction
materials group, has bought
King Road Materials of
Schenectady, New York, for
\$5.6m (£3.8m). The cost includes an acquired debt of
\$1.4m.

King is an asphalt producer and paving contractor. Produc-tion capacity is 350,000 tons per annum and in 1986 the company made pre-tax profits of \$1m on a turnoser of \$10m

a turnover of \$10m.
The acquisition will complement the road and construction busines of Callanan Industries,

bought in 1985.
During 1986 CRH spent £57m on acquisition of construction-related businesses, primarily on six companies in the US.

Blue Circle

A subsidiary of Adelaide Steamship has raised its stake in Blue Circle Industries, building materials group, to 9.57 per cent. Blue Circle shares well 4p to 674p yesterday.

ing interests under Mr Rey. Mr Chris Boon. of ASH, said the sale of Mutli-Family, which instals alarm systems in apartment blocks, was "a disappointment for us strategically." It represented a large part of Network's profits and the Network state had been bought, in November 1984, to give ASH a foothold in the US. ASH still had first refusal Roadstone Cement-Roadstone Holdings,

ASH still had first refusal over Mr Broady's shares but it was unlikely to match the price paid by Inspectorate of more than \$9 each, when the market price at the time had been about \$5m.

Multi-Family had been plan-ning a public listing in the US but was approached by Inspectorate with an offer at the pro-Mr Boon said. Mr Broady has sold his entire

holding but intends to remain as chairman and chief executive. ASH said it was not alarmed at this development and that Mr Broady had financial commit-ments elsewhere which required the sala,

Inspectorate acquired CPS Computer, a loss-making USM-cuoted computer distributor last June for £1.65m.

IIS rejects Panfida's offer

BY CLAY HARRIS

Hawker

purchase

Equities yesterday rejected as inadequate and unacceptable the takeover bid from Sydney-based Paniida which values the listed investment trust at £55m.
IIS said that Panfida's offer
of 94 per cent of formula asset
value, worth about 900p, was
significantly below recent offers

Hawker Siddeley has acquired

enectron, a privately-owned

Connectron, based in Laurence

Harbor, New Jersey, manu-

facturers fuseholders electrical

via Hawker's wholly-owned US offshoot Brush Fuses, brings Hawker's total investment

through acquisitions in the US since September 1985 to more

control circuit breakers.

than \$165m.

The unanimous rejection also cast doubt on Panida's invest-

for other investment trusts. It noted that Panfida's placing agreement with its own brokers

ment record. Apart from its 28.7 per cent holding in IIS, its only investment since flotation in May 1986 was a stake in an Australian pastoral co-operative.

left open the possibility of offer-ing more than 100 per cent. IIS, at prices of 98 to 100 per IIS, at prices of 98 to 100 per cent of asset value, were not comparable because, in effect, they had been disguised rights issues through the liquidation of the portfolios.

Paniida intended to maintain IIS as an investment trust. In Mr Ken Vere Nicoll, UKbased director, of Paufida, said
yesterday that the three offers the one being offered for IIS.

Corton for Third Market

entertainment, food and leisure-wear fields, has announced its intention of joining the Third

The Third Market is the new forum for trading in the shares of young unquoted companies which will be introduced by the Stock Exchange later this month. Corton Beach should be

After its Third Market intro-duction, through the stock-brokers, Heseltine Moss, Corton aroun Beach should be capitalised at year.

Dixon, a Hull-based firm of motor dealers, for a profit related payment of £1.25m in cash and shares. The company expects to stage another acquisition between the conductivities between the conductivities between the conductivities and the conductivities between the conductivities and conductivities are conducted to the conductivities and conductivities are conducted to the conductivities are conducted to the c

Corton produced pre-tax profits of £202,000 on turnover of £7.6m, and expects profits of around £700,000 for the full

Fisons' £7m US expansion

By Philip Coggun

Fisons, the drugs and korticulture group, is paying \$10.4m (£7m) in cash for US company J & W Scientific. The California-based company makes capillary columns for use in high resolution gas chroma-tography.

tography.

Gas chromatography is an analytical technique used by the pharmaceutical, agricultural and environmental industries. Fisons already owns Carlo Erbs, a company which makes chromatographs and the purchase of J & W is part of the group's strategy to expand the manufacturing content of its scientific segment division. Corion Beach, which has more than 58m. Its shares are interests in the automotive currently traded under the automotive currently traded under the automotive Stock Exchange's Rule 535(2). equipment distributors in the US.

Anglia Secure

Anglia builder and tered homes, is buying Cound Page, the Cambridge-based Page, the Cambridge architects. The initial aderation of £486,000 is ordinary chares. Further per-formance-related consideration to a maximum of 45,977 shares, will be paid.

All these Notes have been sold. This autouncement appears as a matter of record only.

Landesbank - London Branch -

A\$35,000,000

Issue Price: 1011/4 per cent.

BKA Bank für Kredit und Aussenhandel AG

Kredietbank International Group

Morgan Guaranty Ltd

Norddeutsche Landesbank Girozentrale

Security Pacific Hoare Govett Limited

14 per cent. Notes due 1991

Hambros Bank Limited

ANZ Merchant Bank Limited Banque Bruxelles Lambert S.A.

Commonwealth Bank of Australia

Lloyds Merchant Bank Limited

Rabobank Nederland

Bain and Company . Banque Générale du Luxembourg S.A.

Commerzbank Aktiengesellschaft **EBC Amro Bank Limited** Landesbank Schleswig-Holstein Girozentrale

McCaughan Dyson and Co. Limited

Morgan Stanley International **Orion Royal Bank Limited**



The second half has proved even better.

Finance Corporation has gone from strength to strength in the second half

It's partly because of the increased profit generated by our successful acquisition of TCB in April. But even without that extra input we've shown

exceptional growth. Profits have reached a record high and are 65% higher than last year Earnings per share are up by 66%. Earning assets are over £800 million. And we

Full year results to 31st October	1986	1985
Profit before taxation	.536,426,000	£22,068,000
Lyntion	(£322,000) Cz	£1,502,000
Preference Dividends	£1,599,000	-
Exmings per share	27.Ap	16.5p
Dividends per Ordinary stare	6.39р	2.8p

are returning to a full year of dividencis.
This success has been across all our livisions. First National Securities has been trading even more profitably in consumer lending and we have conlending and property development

We are looking forward to contimed growth in business activity and



FIRST NATIONAL FINANCE CORPORATION P.L.C.

UK COMPANY NEWS

David Goodhart looks at Pegler Hattersley six months after Tomkins takeover

The super-tanker has started to turn

THE TAKEOVER trade begins the new year in low esteem. The mega-bids are increasingly regarded by the public as inspired by little more than executive vanity or merchant bankers' lust for fees, with the laurels invariably going to those companies with the sharpest share jugglers on their side.

But before such sentiments conspire to bury the contested bid in 1987, F. H. Tomkins—a leading engineering mini-conglomerate run by a family of the property of the property of the property of the pennines—as they had done on smaller takenyer targets.

So what has happened? Mr. Graham White, managing director of Pegler, PH's largest company, should have been a difficult man to ask.

During the final weeks of the bid last June he was stoutly defending the PH record and claiming it was virtually unclaimed.

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Section 12

The E

Tomkins—a leading engineering mini-conglomerate run by a former Hanson Trust executive, Mr Greg Butchings—completed one of the most audacions bids of all in 1986.

For about £190m it acquired Pegler Hattersley, the valve and tap group with about three times Tomkins turnover and pre-tax profits.

It was a classic case of the

that were on the way.

It was a classic case of the shareholders in the bid-for company buying in a new management team at the price of hefty dilution in their stakes. In return for about 70m new ordinary Tomkins shares—62 per cent of the enlarged equity—PH shareholders provided 75 per cent of pre-tax profit and 86 per cent of pre-tax profit and 86 per cent of net assets.

As if slightly stunned by its own audacity in handing PH over to Tomkins in June, the City promptly turned down two more similarly "cheeky" bids:

that were on the way.

"Tomkins have injected pace the also found it odd that there was a central treasury function and yet all the cash was kept in the sushidiaries. Tomkins has made major and it's much easier to achieve goals if you have a clear there was a central treasury function and yet all the cash was kept in the sushidiaries.

Tomkins have injected pace the also found it odd that there was a central treasury function and yet all the cash was kept in the sushidiaries.

Tomkins have injected pace the most important there was a central treasury function and yet all the cash was kept in the sushidiaries.

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Tomkins have injected pace the most important them." They also found it odd that there was a central treasury function and yet all the cash was kept in the sushidiaries.

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Tomkins have injected pace them. They also found it odd that them." They also found it odd that them. They also foun

per cent of pre-tax profiled 75
per cent of pre-tax profile and
85 per cent of net assets.
As if slightly stunned by its
own audacity in handing PH
over to Tomkins in June, the
City promptly turned down two
more similarly "cheeky" bids:
Evered Holdings for McKechnie
Brothers, and Siebe for AFV.

City promptly turned down two more similarly "cheeky" bids:

Evered Holdings for McKechmis Every Unlike the other well-known congomerate, Williams Holdings with relies on its "his grounds" to shake up acquisitions, Tamkins' senior execution.

But with six months' reorganisation at PH behind him, Mr Hutchings appears to believe that the PH-Tomking combination provides one of the clearest recent vindications of the take-over system. "It would have been an endorsement of mediocrity if we had lost," he says.

Pre-takeover PH was, in fact, far from a hopeless case, Prodit margins were close to 10 per cent and although earnings per cent and ellowed to the fund managers a few weeks before. He maked to the fund managers a few weeks before. He will be companies kept no return on capital lass improved by backward PH appeared to the fund managers as few weeks before. He maked to find the companies kept no return on capital lass improved by backward PH appeared to find the capital managers are cent and although around the companies kept no return on capital lass

claiming it was virtually unimprovable upon. Mr White is
still at his desk in Doneaster
from where he now maintains—
with a politician's flair for
fudge—that he is both a convert to the "Hutchings Way," yet is merely speeding changes that were on the way.



uves—but most, like Graham one, for example, consisting White, have stayed to undergo mainly of original Tomkins' re-education."

Hutchings cites the closure of J. J. Braimbridge, a scrap metal merchant, which PH had been dithering about for years, or the four new salesmen Pegler was immediately granted to back the push into higher value added markets.

Third management matters.

Third management matters.

It is doubtful, for example, that Tomkins would have spent over them on HNH's brand new flexible manufacturing system even though the pay-back is only three years and it has helped in the de-stocking process.

Third, management motiva-tion and autonomy. PH used an output based incentive scheme which was helping to increase stocks, not efficiency. Tomkins has linked it to return on capital and profit growth. It has also widened the share option scheme.

Mr Bob Muddimer, an ex-BTR manager brought in to run division three, is perticularly keen on managers with large share stakes, not just as an in-centive but because he believes the greater the independent means of a manager the bolder and more independent he will

not just to meet monthly and annual targets but also to propose new ideas such as add-on acquisitions and "to think where they want to be in three years' time." They are rarely bothered on operational matters

bothered on operational matters.

Scepties will say that many of these changes—including to these changes—including stock reductions and the HQ closure—are one-off savings that many new management could have spotted. Do they justify the diaruption and Edm cost of the bid? It's easy to look trim after six months—will the picture be the same after five years? Above all will investment be kept up?

The fear that annual return targets linked to management pay creates a bias against long term investment is one of the main anxieties expressed about the new conglomerates.

Mr Hutchings replies: "PH invested 256m and didn't markedly increase profit over five years. We may spend more or less but we will certainly get a better return."

Week, will no doubt look good. Yet despite Mr Hutching's and PH, the despite Mr Hutching's at PH, the city's ardour has cooled in the past few months because of his city's ardour has cooled in the past few months because of his city's ardour has cooled in the past few months because of his city's ardour has cooled in the past few months because of his city's ardour has cooled in the past few months because of his city's ardour has cooled in the past few months because of his city's ardour has cooled in the past few months because of his city's ardour has cooled in the past few months because of his city's ardour has cooled in the past few months because of his city's ardour has cooled in the past few months because of his city's ardour has cooled in the past few months because of his city's ardour has cooled in the past few months because of his city's ardour has cooled in the past few months because of his city's ardour has cooled in the past few months because of his city's ardour has cooled in the past few months because of his city's ardour has cooled in the past few months because of his city's ardour has cooled in the past few months because of his city's ardour has cooled in the past few months because of his city's ardour has cooled in the past few months because of his city's ard

Nevertheless. remains committed to Pegler's "all under one rood" cell manufacturing system. And Mr Paul Horton, in charge of the FMS, praises Tomkins: "We now have more of an incentive to make it work and it is part of an overall

Pay-back time may be tighter but Mr Hutchings insists that the extra capital insists that the extra capital expenditure will be made if the case for it can be proved. And there is no neglect of long-torm strategy — Bob Muddimer has spent most of his time working on three-year plans for products and markets in division three. So, the super-tanker has started to turn. Tomkins' bid costs were more than covered by PH's cash in the banks and the group's acquisition-accounted interim results due next week, will no doubt look good. Yet despite Mr Rutching's apparent progress at PH, the

EULABANK

Extract from Audited Consolidated Accounts for the twelfth year ended 30th September 1986

	1986	1985	
	£	£	
Profit before Taxation	8,706,250	8,937,399	
Profit after Taxation	5,009,973	4,927,067	
Share Capital and Reserves	47,953,777	42,943,804	
Subordinated Loans	24,221,453	25,000,000	
Deposits	714,205,336	814,933,329	
Cash at Banks, etc	134,263,719	170,629,058	
Deposits Placed	75,667,873	92,695,469	
Loans and Advances	573,434,783	608,142,109	
Total Assets	795,157,708	894,765,579	

Enlabank is an international merchant bank based in the City of London; its shareholders are leading European and Latin American banks. The bank specialises in arranging and participating in loans to major borrowers throughout Latin America.

Europe Algemene Bank Nederland NV; Banca Nazionale del Levoro; Banco Central SA; Banque Bruxelles Lambert SA; Banque Nationale de Paris SA; Banclays Bank PLC; Bayerische Bypotheken- und Wechsel-Bank AG; Deutsch-Stidamenkanische Bank AG; Dreadner Bank AG; Osterreichische Känderbank AG; Union Bank of Switzerland.

Latin America Banca Serfin SNC; Banco de Colombia; Banco de la Neción; Banco de la Nación Argentina; Banco de la República Oriental del Uruguay; Banco del Estado; Banco del Estado de Chile; Banco del Pichincha CA; Banco do Brasil SA; Banco Industrial de Venezuela CA; Banco Mercantil de

The above extract is an abridged version of the group's full accounts which will be filed with the Registrar of Companies and on which the company's auditors gave an unqualified report.

Copies of the Annual Report and Accounts may be obtained from the Secretary.

EULABANK

Euro-Letinamerican Bank PLC

Gilet: House, 65 Besinghall Street, London EC2V 5EN. Tel: 01-608 6141, Telex: 8611925

Starstream refinancing deal

BY RAYMOND SNODDY.

Central and Thumes, two of the ing their investment in Starbig five ITV network companies, arream.

Linearest in Starstream, the company which runs The Children's
Channel, the cable and satellite
television channel.

Linearest in Starstream, the company which runs The Children's
Channel, the cable and satellite
television channel.

ing package for the Channel in which British Telecom, D. C. Thomson and Thorn EMI had an equal stake. Both BT and D. C. Thomson are also increas-

both £583,000 in equity finance able to cable networks in the and matching amounts in two year loan stock.

The deal is part of a refinancing partly designed to pay for an ing package for the Channel in expansion into Norway, Denday: "FlimFair's programme

duces

mark, Holland, Belgium and the coutput will enable us to participate more fully in the expanding international market for material for children's animated programmes."

PRIESKA COPPER MINES (PROPRIETARY) LIMITED

Reg. No. 68/03032/07 (Incorporated in the Republic of South Africa)

Declaration of Interim Ordinary Dividend No. 7 The following interim dividend has been declared for the year ending 30 June 1967:

Interim ordinary dividend No. 7 of 30 cents per ordinary share. The dividend has been declared payable to trambers registered in the books of the Company at the close of business on Tuesday, 20 January 1987.

The dividend is payable subject to conditions which can be inspected at the registered office of the Company. Warrants in payment of the dividend will be

23 January 1987. By order of the Board Anglovasi Limited

P.O. Box 62379 Marshalltown 2107

5 January 1987

Akernete W. W. Malen, D. A. Bleine, A. J. Brink, M. D. Henson.

Frederick Parker Group 22s

118 Ass. Brit. Ind. Ordinat

Amiltage and Rhodes

SPONSORED SECURITIES

Castrol expansion

By Clay Harris

Castrol Burmah Oil's lubricants subsidiary, is to pay 55.3m for Spectra Automotive and Engineering Products, which makes aerosol paints and

Castrol intends to run Spectra as a separate division but hopes for benefits from using its own distribution network. Spectra reported profits of £197,000 on sales of £3.08m in the six months to July 31.

Tootal, the textile group which owns 63 per cent of Spectra after its takeover of Sandhurst Marketing, has agreed to accept the 95p cash offer, which was amounced after the market closed yester-day. Spectra shares added 7p to 80p after an announcement of talks about a possible bid.

SHARE STAKES

Changes in company share stakes announced over the past

Allebone & Sens Channel botels and properties has increased its holding to 480,000 ordinary (6.6 per cent). Yorkshire Television Direc-tor Mr G. J. Hardy has pur-chased 12,500 ordinary, taking his beneficial and family

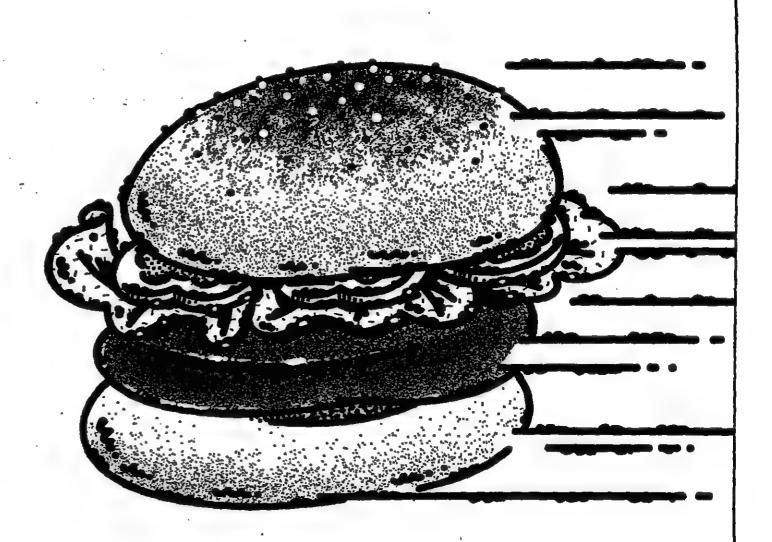
GR Management — Director Mr G. R. Shoot and his family have disposed of 525,000 ordinary and now hold 240,000

interests to 38,300 ordinary

shares (0.05 per cent). Transcontinental Green -- Director Mr S. Cohen has purchased 28,000 ordinary and is now beneficially inter-ested in 299,902 shares (0.84 per

Mr R. J. Bovington has placed 1203,783 ordinary of which 1,103,733 were taken up by directors and employees.

> LG. INDEX FT for January



We make sure America gets its fast food fast.

You don't waste time when you're supplying names like McDonald's. In the United States, Dalgety guarantee

the client and consumer top service through the biggest single fast food distributor in the world

And in Canada, Brazil and Mexico too. It's one more way we're into the food business on an international scale. In the UK, for instance, Dalgety brands

are household names. Golden Wonder with its famous crisps and pot noodles.

Prime, Bonio and Kattomeat. Not that strong brands are all we have

Homepride Cook-In Sauces as well as for

Homepride flour these days.

And Fred the Flour-Grader, famous for

Among perfoods, winners like Winalot,

A name that goes from strength to strength.

All round the world, the name Dalgety is also famous for food in bulk.

We sell farmers animal feed and seeds, then sell the graincrop to millers, and millers' flour to bakers.

Brewers buy our malt for their beer. We're a major world force in

commodities like cocoa, coffee and sugar. In all these ways and more, Dalgery has become a powerful name in the world's food

business. And no one gets there by being slow off the mark.

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mky Internate o 190 W. S. Yestes . West Yorks, Ind. Hosp. (USM) ayal the deligible Granville & Co. Limited 8 Lovar Lane, London EC3R SEP Telephone 01-621 1212 THE CHARLES THE PARTY OF THE PA

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Granville Davies Coleman Limited 27 Lovat Lane, London EC3R 80T Telephone 01-621 1217

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Gold Mining Companies' Results for the year ended 30 September 1986

	-	•		
Name of Company	Tons Milled 1000	Gold Produced kg	Net Profit Rm	Dividends cents per share
Bracken	954	3,253	17.1	100
Kinross	2,155	13,323	88.1	380
Leslie	1,409	3,556	12.5	60
Unisel	1,376	9,547	68.4	190
Winkelhaak	2,376	13,594	109.2	495
Average G	old Price Received	i R26,328 per kg	(1985 R20,42	27)

Points made in the Statements by the Chairmen Mr. C. R. Netscher and Mr. S. P. Ellis

BRACKEN (Company Number 59/0/126/06)

The future of the mine continues to depend on the exposure of new ore reserves by development. However, the area remaining to be developed is very limited. At best the mine can be expected to maintain its present milling rate albeit at a reduced grade, for the foreseeable future.

KINROSS (Company Number 63/06226/06)
On the morning of 16 September 1986 a serious fire occurred and tragically 177 persons jost their lives; thankfully, more than 2,400 were successfully evacuated. The loss of life is the highest recorded in a single accident in the history of gold mining in South Africa, it caused deep shock and sorrow throughout the entire mining industry, which continually makes strenuous efforts to develop and maintain safe methods and standards in very diverse and difficult conditions.

Outlook Tonnage and grade is expected to be maintained at the same levels as those

LESLIE (Campany Number 59/01 (24/06)

The future of the mine continues to be largely dependent on the exposure of ore reserves in the Western area, where the majority of the development is being carried out. To a large degree the results have been disappointing but development is continuing on a more selective basis.

UNISEL. (Company Number 72/10604/06)

Tonnage is expected to remain at the same levels as that achieved in the 1985 financial year. The yield can be expected to decline marginally with a larger proportion of the lower grade Leader Reef included in the mix. The ratio of the 3 reefs encountered on Unisel is constantly reviewed to ensure the balanced depletion of the reserves within the constraints of maintaining an acceptable yield.

WINKELHAAK (Company Number 55/03606/06)
The company is sinking a new twin-shaft system (No 6 Shaft) approximately 3.1 kilometres to the east of No 5 Shaft. The main shaft system is planned to be in production in 1992, but early stoping from the ventilation shaft should start by the end of 1988. This new shaft will replace declining reserves at the No 5 Shaft and, in addition, could increase the mine's production rate to 225,000 tons per month.

All the above companies are incorporated in the Republic of South Africa. London Secretaries: Gencor (UK) Limited, 30 Ely Place, London EC I N 6UA.

\$100,000,000

Syndicated standby letter of credit backing commercial paper issuance to



Newscorp Finance Limited

(Incorporated with limited liability in the Cayman Islands)

Arranged by: Mellon Bank

Participants: Mellon Bank Australia and New Zealand Banking Group Limited Barclays Bank PLC

RepublicBank Dallas State Bank of New South Wales J. Henry Schroder Bank and Trust Company

Commercial Paper Dealer: Goldman Sachs Money Markets Inc.

The undersigned acted as agent in this transaction.



Mellon Bank

We are pleased to announce that the following have become Associate Directors:

Amsterdam

Tom Paulus

London

Mark S.S. Swan

Bear, Stearns & Co. Inc.

New York/Adants/Boston/Chicago/Dallas/Los Angeles/San Francisco Amsterdam/Geneva/Hong Kong/London/Paris

NOTICE OF EARLY REDEMPTION

OSTGOTABANKEN

January 6th, 1987

APPOINTMENTS

Hambro forms new company

Subsequent to the formation of J. O. HAMBRO & CO and the acquistion and setting up of its operating substituities the group has now made the following appointments. J. O. Hambro & Co: Mr Jocelyn Hambro hambro, group chairman; Mr Rupert Hambro, group managing direc-tor; Mr Richard Hambro and Mr James Hambro, executive directors; and Mr David Harland is group finance director
J. O. Hambro Business Development & Communications Group:
Mr Rupert Hambro, chairman;
with Mr Harland and Mr David McDonough appointed joint managing directors. J. O. Hambro

and business development): Mr Ropert Hambro, chakman; Mr Harland managing director; Mr James Hambro, Mr Rebert Hellyer and Mr Anthony Nissen, executive directors. McDonough Associates (corporate communi-cations): Mr David McDoneugh, chairman and manaring director; Mr Christopher Tate, executive director; and Miss Susan Morris, Miss Katherine Rissik and Miss Sus Wister, associate directors. J. O. Hamber, associate directors,
J. O. Hamber Investment Management (members of FIMERA):
Wr Richard Hamber, chairman;
Mr David Chapita, managang
director; and Lord Balmell,
executive director,

Mr D. G. Barber has been appointed a director of GIRO-BANK, responsible for corporate banking and regions.

Sir John Bremridge, recently financial secretary to the Crown Colony of Hong Kong, has been appointed a director of F. AND TRUST.

Mr K. L. Buller, Mr R. P. Pease and Miss J. M. L. Taylor have been appointed directors of the main board of JARDINE THOMPSON GRAHAM.

Group.

**

Brian Smith and Mr Neil Greig are appointed joint chairmen man of CAMPBELL'S UK, has additionally been appointed to Regis Packaging, a wholly-owned the Campbell's European subsidiary.

sulting actuaries, has appointed Mr B. H. Davies, Mr I. Edwards, Mr N. D. Fitzpatrick, Mr A. Hale and Mr P. S. Shier as partners.

Mr T. B. Collins has resigned as a director, and Mr Brian Picton Davis has been appointed a director of A. G. STANLEY HOLDINGS.

Mr David Haziewood has been appointed chief executive of CUTHBERT HEATH UNDER-WRITING.

Hr Hichael B. Brooks has retired from the board of MINET HOLDINGS, and Mr Robert W. Hatton has been appointed a director.

Van Leanep and Mr B. J. P. Weppe have been appointed directors of C. CZARNIKOW from Jamery 1.

Mr Rugene R. Culler, Jr, a former managing director of Goodyser Great Britain, has been elected vice president for original equipment tyre sales world-wide for tTHE GOODYEAR TIRE & RUBBER COMPANY. He replaces for Douglas F. Bill, who is taking early retirement.

Mr Stephen Waley-Cahen has been appointed a non-executive director of PUBLISHING HOLD-INGS. He is chief executive of Maybox Group (which owns and manages six West End theatres).

Union Discount rearrangement

The UNION DISCOUNT COMPANY OF LONDON has rearranged companies in the group.
The discount house business will
be undertaken by a new whollyowned subsidiary, Union Discount Company, of which the
directors are: Mr G. E. Glichrist
chairman, Mr B. F. A. Balfour,
Mr D. J. Lyons, Mr B. M. Munro,
Mr S. A. Whitney-Long, Mr A.
J. Anderson, Mr D. W. Baskerville, Mr R. R. Bowley, Mr C. H.
L. Prichard and Mr J. B. Thursfield. The Union Discount
Company of London has become
a holding company with an a holding company with an unchanged board.

at Barings

BARING BROTHERS & CO has appointed the following directors: Mr P. E. Bugge, Mr J. M. de Bunsen, Mr N. R. Gold, Dr F. Haverkamp, Mr M. J. Packman, Mr J. R. Peers, Mr J. H. T. Russell and Lord Verulam. Mr R. N. Bates, Mr O. J. Bayle, Mr N. B. Dillen, Mr P. M. Hitchcock, N. R. Dillea, Mr P. M. Hitchcock, Mr R. C. Kirby and Mr O. S. Stragated become assistant directors. Baring Investment Management has appointed Mr R. F. Bramby, Mr P. C. Drake and Mr G. R. C. Hubbard as directors, and Mr R. M. Allanson, Mr G. J. W. Guen and Mr M. Hendriks as assistant directors. Mr R. J. Deat has retired as a director of Baring Brothers & Co. He will remain on the board of Barings as a non-executive director. Baring International of Barings as a non-executive director. Baring International Investment Management has appointed the following to the board of its subsidiary company Baring International Fund Managers which manages the company's range of offshore unit trusts and is the investment trusts and is the investment manager of China and Eastern Investment Co. Mr Fajio Ikease, based in Tokyo, specialises in Japanese equity investment; Mr Richard Chenevis Treach, based in Hong Kong, specialises in the Pacific stock markets with par-

THOMPSON GRAHAM.

DAVID 8. SMITH (HOLD-INGS) has appointed Mr Nigel (CEUTICALS has appointed Signal director of Relation as managing director of Relation as managing director of Abbey Corrugated, a wholey does not a newly-created post of sales director. He was parent company Rea Brothers (Foundation of David S. Smith (Holdings).

Mr Richard Carter becomes group purchasing director. Mr Midland Development Group, has a division of the Midland Development Group, has appointed Mr Nigel David Goss to a newly-created post of sales director. He was director of David Goss to a newly-created post of sales director. He was director of David Goss to a newly-created post of sales director. He was director of David Goss to a newly-created post of sales director. He was director of David Goss to a newly-created post of sales director. He was director of David Goss to a newly-created post of sales director. He was director of David Goss to a newly-created post of sales director. He was director of David Goss to a newly-created post of sales director. He was director of David Goss to a newly-created post of Sales director. He was director of David Goss to a newly-created post of Sales director. He was director of David Goss to a newly-created post of Sales director. He was director of David Goss to a newly-created post of Sales director. He was director of David Goss to a newly-created post of Sales director.

advisory board.

BISS, LANCASTER has appointed Ms Carol Genrisy, Ms Isabel Greenwood and Ms Christine Hastings to the board.

BACON & WOODROW, consulting actuaries, has appointed Mr B. E. Bavies, Mr A. Hale and Mr P. S. Shier as partners.

Mr Ion Harvey has been appointed chairman and managing director of CAPITAL MARKET & TREASURY SERVICES (ASIA). This newly-formed company will be based

Mr Nigel Denison and Mr David Enight have been owned subsidiary of UK money brokers, Mayflower Group. The other member of the board is Mayflower director Mr Michael H. R. Young who is also managing director of Capital Market & Treasury Services.

The committee of the LLOYD'S UNDERWRITING ASSOCIA UNDERWRITING ASSOCIATION for 1987 has elected Mr. J. M. G. Heynes as chairman and Mr C. R. Huster and Mr C. A. G. Keeling as deputy chairmen.

LAWSON MARDON has made the following appointments:--of Smith Brothers (Whitehaven) and retains responsibility for production. Mr S. Livesey is made technical director of Cello-

Mr David R. B. Smits, who took over as chief executive of DUNFERMLINE BUILDING SOCIETY on January 1, has been co-opted to the board. He succeeds Mr Walter Hutchison, who has patient.

At ASSOCIATED BOOK
PUBLISHERS Mr D. W. Alcock
is retiring as deputy group
chairman, and Mr Michael
Turner takes over in addition
to being chief executive. Mr
David Evans is appointed deputy
group managing director. Three
new directors have been
appointed: Mr W. J. Mackarell,
Mr R. Stileman and Mr A. Turnbull. Mr William Mackarell is
currently managing director of Richard Cheneviz-Trench, hased in Hong Kong, specialises in the Pacific stock markets with particular responsibility for Hong Kong; Mrs Kate Weellett, who set up the company's unit trust marketing organisation, is based in London and has overall responsibility for effshore fund marketing.

IN SHOPS, a division of the Midland Development Group, has appointed Mr John Heesil as managing director. Company founders, Mr Alan Fitzpatrick and Mr David Newman, joint managing directors, become joint chairmen. Mr Hoesil was with the Owen Owen Group on the main hoard.

Four new partners have been promoted from within the practice by the Leeds regional head-quarters of PEAT MARWICK. They are management consultant Mr Richard Coulbeck, corporate recovery adviser Mr Martin Shaw, taxation specialist Mr John Widdowfield, and management services consultant Mr Peter Robinson.

Mr Nigel Labram has been appointed deputy managing director of V. BERG & SONS.



Five Arrows Fund N.V.

Established in Curacao (Netherlands Antilles) Notice of Annual General Meeting of Shareholders to be held on February 5, 1937

Notice is hereby given that the Annual General Meeting of Shareholders of Five Altrows Fund N.V. ("the Company") will be held on February 5, 1987 at 4.00 o'clock p.m. (local time) at the offices of the Company, 6 John B. Gorgiraweg, Curacao (N.A.) for the following purposes:

1. To approve the Company's annual accounts for the financial year ended December 31, 1885.

2. To elect a Managing Director for the ensuing year.

3. To elect an Advisory Board for the ensuing year.

4. To ratify, confirm and approve the acts of the Managing Director and the Advisory Board.

5. Proposal to appoint Independent Auditors of the Company for the ensuing year.

6. Proposal to amend the Articles of Incorporation.

7. To authorise someone to pass and sign the Deed of Amendment.

8. To transact any other business as may properly come

To transact any other business as may properly come

Amenument.

8. To transact any other business as may properly come before the meeting.

The official agenda of the meeting together with the annual accounts for the Company's financial year ended December 31, 1985 as well as a copy of the draft amendment may be inspected by all Shareholders at the offices of its agent banks, viz. N. M. Rothschild and Sons Limited, London.—Pierson, Heldring and Pierson (Curacao) N.V., Curacao Pierson, Heldring and Pierson (Curacao) N.V., Curacao —Banque Bruxelles Lambert S.A., Brussels — Banque Privée S.A., Geneva —Rothschild Bank A.G., Zurich —Rothschild Australia Ltd., Sydney.

Holders of registered shares shall be entitled to vote at the meeting in person or by proxy. Holders of Bearer Shares meeting in person or by proxy. Holders of Bearer Shares meeting in person or of a voucher given by any of the Company's agent banks stating that certificates in respect of the number of shares specified in the voucher have been deposited with such agent bank and will remain in deposit until the end of the meeting.

The Managing Director Intimis Management Company N.V.



DKK 600,000,000 Floating Rate Notes due 1993

Tranche A of DKK 300,000,000

In accordance with the provisions of the Notes, notice is hereby given that, for the three months period, 6th January, 1987 to 6th April, 1987, the Notes will bear interest at the rate of 101% per cent. per annum. Coupon No. 2 will therefore be payable on 6th April, 1987 at DKK2,734.37 per coupon for Notes of DKK 100,000 nominal.



. This announcement appears as a matter of record only.

Time Inc.

U.S.\$250,000,000 **Multi-Option Facility**

Arranged by

Swiss Bank Corporation International Limited

Lead Managers

Deutsche Bank AG Swiss Bank Corporation

Orion Royal Bank Limited Union Bank of Switzerland

Managers

Bank of Tokyo Trust Co. **Barclays Bank PLC** Crédit Lyonnais

The Mitsubishi Bank, Limited

Société Générale

Banque Nationale de Paris Canadian Imperial Bank of Commerce **Credit Suisse**

National Westminster Bank PLC

The Sumitomo Bank, Limited

Toronto Dominion Bank

Tender Panel

Affiliates of the above Lead Managers and Managers and the following additional Members.

Nomura International Limited

PaineWebber International S. G. Warburg & Co. Ltd.

Facility and Swingline Agent

Swiss Bank Corporation

Tender Panel, Issuing and Paying Agent **Orion Royal Bank Limited**

Swiss Bank Corporation International Limited

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11 Finally attained a high position (5, 2) of the players (8)
6 Brave group used to exercise (6, 4)
7 Helped to put a new idea to a number (5)
8 Take on work (6)
6 Seeks brought you to sit on -0.2 15 -0.2 15 -0.2 25 -0.3 2 402 203,4 Robert Flaming & Co Ltd.
25 Copting Area, London ECSR 7099
Has Ensure CRU22 J. EXSTAIN 399-64
House Courte CRU22 J. EASTAIN 399-64
House Courte CRU22 J. EASTAIN 399-64
House CRU22 J. EASTAIN 399-64-99
HOUSE CRU22 J. EASTAIN 399-64tion (5, 2)
12 Cross, we hear, and uncouth Violent alien with a bomb breeds hate (10) breeds hate (10)

17 Set up organisation for education and research (9)

18 Down here fast changes are required (8)

19 Fish of a stringy variety (5-3)

22 Is to touch down at a spot in the ocean (6)

23 Soft ery of rain translates. 等3 1931 727 进程单 (4)
13 To borrow money and move 17
away is risky (5, 3, 2)
15 Arms displayed in a hostile 18 #!! # 15 Arms displayed in a way? (6)
16 Possibly spy on fashionable
17 Possibly spy on fashionable
18 Fish of a stringy variety (5-3)
20 Held up flow or flower (7)
20 Held up flow or flower (7)
21 Start games of tennis in the
22 Is to touch down at a spot in the ocean (6)
23 Soft cry of pain produces purse, but not of the lips (5)
25 Wrongly equated with a mile? tos Group (1) 記録 201.A no Bank, Limb open air (5)
24 Not against change though it's the wrong condition for it (10) -tf 19 26 Family loaf started off in oven (4)
28 Can I provide a friendly solution? (7)
29 Humble subject (7)
30 Do without and give to others Property Pre-Access 108.5 114.
For second of tenhal trans prices of Blanch Horse Life Assa. Go Ltd
346a High St, Chatlann
Black Horse Man. Fd. | 374.97
Letter Horse Fd. | 322.28
Letter Horse Fd. | 322.28
Letter Horse Fd. | 377.46
Authorizon Engage Fd. | 377.46 at Mat. List (8)
31 Shout about jellied eel in the salad, perhaps (6) 27.3 DOWN

New form of travel in space [년 7년 製造の製造 11 <u>8881 8</u> (8)
2 Salt-water spray (9)
3 They may be found in a creel, squirming (4)
5 Not very bright but in charge Triton Fd Magra, Ltd. Royal Late. Hist. Colchester CO

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Financial Times Tuesday January 6 1987 (Albert E.) & Co 5-211633 193 d Myt. OFFSHORE AND Co Ltd Money Market Money Market Bank Accounts yadali Assa 01 St. John Str Lazard Brothers & Ds. (James) Ltd.

P.A. Inc 100, St totor, James) Ltd.

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James Inc. (ョ = 语 擝 wins Daile Brack & Treet Co Ltd. Silvers and the second second

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HEATING OIL 42,000 US ga pents/US gallons

ORANGE JUICE 15,000 lb. conts/tb

Close High Low 478.0 479.0 489.0 494.1 485.4 472.0 487.6 487.5 476.0 495.1

High Low \$42,0 \$35.0

581.0 578.0

Silver 5,000 troy oz, cents/troy oz

CHICAGO

LIVE CATTLE 40,000 to, cents/fb

LIVE HOGS 30,000 lb, cents/lb

PORK BELLIES 38,000 Rt. gents/fe

Close High Low 47.45 48.10 47.45 48.10 47.45 48.10 47.45 48.10 47.45 48.10 48.25 48.45 48.50 92 48.75 48.35 48.45 48.50 92 48.75 49.37 40.50 38.87 -- 39.87

ITC's biggest creditors hold on to tin stocks

ing creditors which had relatively small loans and small amounts of metal on collateral have sold part or all of their stock in the last few months. But the biggest four creditors with the largest stocks have sold little or nothing.

Shearson Lehman Brothers (a subsidiary of American Express), Bank Bumiputra, Malayan Banking and Bank of Tokyo were between them owed about £200m when the tin council ran out of money administering an inter-government price support pact in

Metal traders estimated that the combined tin stocks of these companies total between 40,000 and 50,000 tonnes, with Shearson alone holding about 20,000 tonnes,

Their main reason for not selling is that the holdings are too large to dispose of quickly without forcing prices down. They have also been under pressure to steady the market from the Association of Tin Producing Countries, a group of seven nations including Malaysia, Indonesia and Thailand, The two Malaysian creditor banks are partly state-owned. It seems that sales by smaller

reditors have been largely banks, brokers and mines—fell argued that as inter-government body established by treaty, it is prices for a low of just over 23,485 a tonne in spring to tonnes at the end of November. The stock is expected to consult 24,500 a tonne now, several banks with loans of £15m and stock holdings of 1,500 tonnes or so appear to have decided to cut supplied that as inter-government body established by treaty, it is immune from legal action. Three creditor banks, Australia and New Zealand Banking Group (ANZ). Rieinwort Benson and Arbuthnot Latham the drop in prices from above the drop in prices from the drop in prices from above the drop in their losses. They clearly felt was in the market. Neverthe- European Commission to re-it was not worth the time and less, current stocks still cover about £15m lent to the effort of waiting for prices to represent about six months non-council.

BANKS WHICH were left holding tin after the International Tin Council defaulted owing £900m, have split into two camps in dealing with their metal stocks.

Most of the council's 16 banks which have sold all their tin include Arbuthnot their tin include Arbuthnot to Consumption has risen slightly in the West to 155,000 tonnes in the West to 155,000 tonnes to the West to 155,000 tonnes. Latham, ANZ, Banque Indosuez



and Trustee Savings Bank. The buyers have largely been metal traders who have been purchastraders who have been purchasing either for onward sale to consumers or for speculative investment on their own accounts. Brokers say Shearson, J. H. Rayner (Mincing Lane), a subsidiary of S & W Berisford and Anglo Chemical, part of Phibro-Salomon, the US Sheardall groups have been financial group, have been among the active buyers.

The ATPC estimates that Western world stocks—held by banks, brokers and mines—fell from 106,000-116,000 tonnes in

Metals and Minerals Research Services, a UK company, puts estimated 1986 mine output at about 130,000 tunnes, down from 159,000 last year. Consumption has risen slightly in the West to 155,000 tonnes (150,000 tonnes in 1985) but Eastern bloc countries have taken advantage of lower prices by turning from net exporters into net importers during 1996, says MMRS.

MMRS argues that the mar-MMRS argues that the marginal operating cost of producing the West's tin — in other
words the break-even point of
mines which must stay in
production to satisfy consumption — is about £8,250 to £8,750
a toune. However, other
analysts believe this projection
may be operaturalized from the may be over-optimistic from the producers' point of view. They believe that the potential for cost-cutting by producers, responding to continuing low prices, has been under-

ponding to continuing low prices, has been underestimated.

Meanwhile, the ITC's bankers, as well as creditor metal brokers, are continuing to pursue their claims against the council by court action. Judgment is expected in mid-January in a hearing in which the ITC is asking the High Court to throw out a winding-up petition put forward by Amalgamated Metal Trading, a London Metal Exchange broker, and supported by Kleinwort Henson, the merchant bank. The tin council has argued that as inter-government that the state of the supported of the suppo

argued that as inter-government body established by treaty, it is immune from legal action. Three creditor banks, Australia and New Zealand Banking

with Iran.

The rate for Kirkuk crude pumped through the pipeline to Ceyhan on Turkey's southeastern Mediterranean coast has been set at \$17.60 per barrel while Basrah Light lifted at the Yanbu terminal on the Red Sea has been priced at \$17.50 per barrel.

Market analysts said that the prices were more or less in line with the price structure established by the other 12 members of Opec though slightly on the competitive side.

LONDON METAL EXCHANGE WAREHOUSE STOCKS Classes during week unding las

	Friedly /	17,34 () ringgit per
isium er el	-175 to 37,575 -18 to 7,374 -290 to 39,085	GOLD Gold fell 84 to 3 London builton stark ment opered at th \$4013-4025, and fell a \$3335, on light profit
,	+185,000 to 23,188,000	ing to New York to that gold falled to a recovery by the dollar

KLTM fails to attract foreign sellers

BY WONG SULONG IN KUALA LUMPUR

THE KUALA LUMPUR Tin low, he said. He was confident highest since March of last Market opened its trading to Indonesian and Thai tin for the

that they would make their year.
appearance on the KLTM soon. Tra
Mr Amin also clarified that Indonesian and Thai tin for the first time yesterday. But to the embarrassment of KLTM officials, no metal from the two countries was offered.

Indonesian and Thai tin for the Mr Amin also clarified man foreign miners need not be members of the KLTM to sell their tin. As long as they have their tin in the approved ware-house they have can trade through

Traders expect the price to remain firm because of the strength of sterling against the

is yesterday. Due assument of Kuth officers are continued about their tin. As long as they have their tin the approved warehouses, they can trade through existing RUIN members.

Index the Mania Pales else-ire.

In Amin Zahari Nordin, cretary of the KUTM protect of the KUTM and the KUTM rows the KUTM and the KUTM rows the contract of the KUTM rows of the ro

East, which, as a result of the cent of its cut diamond needs strengthening of the yen, went from Israel.

According to the Israel Diamond Exchange president, over 70 per cent of all of the Israel world's diamonds are now manufactured in Israel.

ISRAELI EXPORTS of cut dismonds rose to a record \$1.66bn accounted for nearly two-fifths (£1.1bn) in 1986, 31 per cent of total Israeli diamond exports the delicer reserved in 1985 to half last the delicer rose of the reserved in 1985 to half last the delicer rose of the rose in 1985 to half last the delicer rose of the rose in 1985 to half last the delicer rose of the rose in 1985 to half last the delicer rose of the rose in 1985 to half last the delicer rose in 1985 to half last th the dollar.

> Currency factors also took their toll on the European market, which accounted for only a scanty 10 per cent of the total.

Brent oil price near 12-month high

NORTH SEA oil prices yesterday rose to their highest levels for nearly a year, with cargoes of Brent at one point trading at \$18.25 for February delivery, about 15 cents higher than Friday's close, before slipping back later in the day.

The market believes that Opec will succeed in fixing oil prices at around \$18 a barrel from February 1, and took further encouragement from yes-

ther encouragement from yes-terday's news that Iraq had adopted fixed prices from January I, and that other Opec members were taking a hard line with customers over the shift to fixed prices.

Brent prices by yesterday were almost trading at parity with Opec's new price structure. Traders said that parity would involve a price for North See crude of between \$18.40

discount to Brent, compared with a normal premium of about 70 cents. Same traders yesterday attributed this to a

the US.

Iraq's pricing decision was seen yesterday by the industry and traders as a fulfilment of the pledge made by Mr Qassim Taqi, the Minister of Oil, of Baghdad's willingness to co-operate in the stabilisation of prices despite its refusal to accept any output quota unless it was given parity with Iran.

sharp drawdown of stocks in

\$17.30 per barrel.

	,	Friday)
r	Alemalaliana	(tonnes) ~1,000 to 110,175
В	Copper	+350 to 175,150
	Lend Nickel	-175 to 37,575
	Tin	-250 to 39,035
е	Zinc	~1,250 to 17,300 (ounces)
1	Silver	+100,000 to 23,788,000

An unhappy year in prospect

IN SPITE of the claims of a breakthrough in EEC agricul-tural affairs as a result of last month's ministerial meetings, very little of any positive moment was achieved. It is true that there is a glan to cut the milk quota by a further 93 per cent, but only over the next two years. The butter and skimmed milk mountains will state a same time be reduced. at the same time be reduced by the simple expedient of stopping all intervention buy-

ing at certain periods.

No one has satisfactorily explained what this will mean in practice. But it is not difficult to see that the stopping of intervention buying could have drastic effects. The excess supplies would have to go somewhere—either into store or for sale for what they would fetch on the world market. The national authorities, Milk Mar-keting Board and others would have sometow or other to finance these operations. One cannot for instance see any French Government allowing its dairy industry to be destabi-lised to the extent that would have been about as a result



way to more nationally funded policies which could well lead to more protection between member states than there is

have somehow or other to finance these operations. One cannot for instance see any French Government allowing its dairy industry to be destablised to the extent that would well come about as a result of such a move.

It is going to be difficult enough to try and effect a quota reduction among individual farmers. Such a move is possible in Britain where farmers are well disciplined by the Marketing Boards, but in France, where there is a multiplicity of buyers, there would be no hope of controlling sales.

In the some states than there is already. Nor is this only going to concern milk. Beef, cereals, sugar ments. Once the country was fully settled the agricultural systems moved to where they fourished best. This left the earlier settled areas, mainly down the eastern coast, to drop the interval of this transpossible in Britain where farmers are well disciplined by the Marketing Boards, but in France, where there is a multiplicity of buyers, there would be no hope of controlling sales. be no hope of controlling sales of fertilisers, growth pro-in any direction. Growth pro-moters and other short cuts to

an order to cease intervention buying. National policies may take over, posing a major threat to the Common Agricultural Policy.

This will either force more money out of the budget, and so hold the Community together for a few more years within the tenuous grasp of the CAP. Or it could lead the way to more nationally funded It is well worth looking at

the North American scene for a moment. The US is an enormous country, several times the area of Europe, and has vastly different climatics environments. Once the country was

tion effectively stopped. The true gravity of the position is only just beginning to be admitted by farmers' leaders and politicians. Mr Simon Gour-lay, President of the National Farmers' Union has his eyes wide open to the fact that farmwide open to the fact that farming has got to be wound down.
But whose farming? And what is to replace it? Who is going to decide which farmers are to have to change their way of life for ever and which will remain? So far the suggestions for still the suggestions for the suggestions f action are pretty insubstantial.

There is talk of de-intensification, of a deliberate reduction
in yields. Small areas are to be in yields. Small areas are to be subsidised and left without the benefits of modern aids to farming. There will be a set-aside programme, keeping land in fallow rather than cropping it. But do the proponents of this policy realise that a fallow is an excellent preliminary to the following grain crop? In any case advocates of set-aside cannot even agree among themselves as to how it should be applied.

Then of course there are trees, building sites, golf courses, leisure parks and the like. All very promising and no

their original farming systems. Some diverted to other products; some simply went derelict.

It was not until President Roosevelt brought in systems of farm support in the 1930s that the USA really became protectionist in farming terms.

I believe the situation now is fust ag serious as it was in the recent years. 1987 could well he no hope or controlling sales of fertilisers, grown promoters and other short cuts to just as serious as it was in the motives of some of those who agreed to these moves. The budget is likely in sort of adjusment has be got rid of, or their produc-

LONDON MARKETS

TRE GOLD grice was hit by profit-taking yesterday following Friday's sharp rise. As traders took the view that there was life behind New York's New Year's Eve rally, which had sparked London's \$12.35 advance, the price fell \$4 to \$399.25 a troy ounce. Dealers described the market as "lackingtre" following the as "lackinstre" following the morning dip and added that sentiment remained mildly bullish, partly on the strength of highr oil prices. On the London Metal Exchange the London Retal Exchange the strongest feature was provided by the copper market. Having eased a little early on, under pressure from sterling's strength against the dollar, Grade A copper was boosted in the afternoon by a firm New York opening and a downturn in sterling. With the New York rise being fuelled by stop-loss covering the LME cash price closed 27 up from Friday's close at 1916.25 a tenne. Most other LME metals ended lower, notaly lead, which lost 516 in the cash position at 5136 a tenne.

a tenne. LME prices supplied by

ALUMINIUM				Copra (Phil)
	Unoffici close (p. £ per	ed + or	Highston	Boyabean (I GRAINS
	783,5-4	-8.25 -2 ·	799/767 799/791	Haize Wisat Fut. No. 2 Hard V
—), tèri Marit 767 86-7.	e months 7.5 (—). er 25,980	782,5-3 (- Final K	-), sattle- erb close;	OTHERS
OPF	ER			Rubber (kild Sugar (raw)

Orade A	Usoffic's close	+01	High/Low	
aali months	916-6.5 939,8-40	+7 +7,5	907/908,5 942,5/930	
Official ci —), three i ent 907 (42-2.5.	oeing (as months 93((—) . Fi): Ca).5-1 (· nai K	sh 908.5-7 —), settle- lere close:	
Standard esh months	890-8 916-8	+8,5 +8,5	Ξ	

Official closing (am): Cash 862-2.5

arices 63	12 882.25 -88.5 cents urnover: 20	per lb.	
LEAD)		
	Unofficial close (p.s s per	201800 1) — OL	High/Low
Cash 8 months	335-7 306-6,5	-10 -9,25	340/831 513/506
(—), three ment 340 310-10.5.	closing (se months:) (—).	107.5-8 (- Final X	

	Unofficial + or close (p.m.). — 2 per tonse	HighLaw	traded in closing on	a weak note
nin months	2400-5 1+30 2458-60 1+28	2405/2400 2480/2445	interest wi	y. Some ilg is noted al is finalised, p
Official), three at 2.39	closing (am): Ca e months 2,445-6 (O (). Final (eh 2,395.00 —), settle-	Duffue.	drawn, repo
60-80.	Z 1,704 tonnes.		ADDOGS	closs -

ZINU			
High grade	olove (p	iel + o un.) er tonne	Highton
Oash 5 months	655-4 655-6	-7.5 -6.26	657/557 539/635
(), three	—}. Fin —}. Fin : 11,625	el Kerb a	Cook 56-7 (—), settle- loss: 636-7. LIS Prime

IGUALA SUMPUR TIN MAI

\$300-300°₂ on the tet yesterday. The he day's high of to a low of \$307°4-in-taking, and self-in-diseppointment between A partial or also pushed the state \$1.00 to the \$300.35 in the

GOLD AND PLATREIN COINS

SILVER

Silver was find 4.8p at executions for spot delivery in the London bellion market yesterday to finish at 335.55p. US cent equivalents of the fixing levels were: spot 636.8c, ap 0.56c; three-month 546.55c, up 0.56c six-month 552.8c, up 0.7c; and 12-month 558.65c, up 0.56c. had 12-month 568.55c, up 0.56c. and closed at 364.365-up (536.536c).

1,M6—Turnover; 16 (--) lots of 10,000 cz. |Flest| loorb \$73-Sp.

SOYABEAN MEAL

Good commercial selling was absorbed by speculative and pro-feesional buying based on a wester starting is an otherwise instructure market, reports Muirpace.

Feb	2 per tonne (25.0-125.8 125.0-125.8 125.5-125.8 119.5-126.8 120.5-125.8 121.5-126.8 122.5-126.8	0.+35 +0.25 +0.25 +0.25	183.5 181.0 180.0
Saine: 32	(2) jage c	al 20 t	peris.

INDICES

REUTERS Jan, 2 Dec.31M'th sgo Year ago 1686,8 1687.4 1688,8 1776,8 (Base: September 18 1831-100) DOW JONES Dow Jan. Dec. Mith Year Jones 2 51 ago ago Boot 115,10 116,41 — 126,09 Fut .115,93 115,84 — 1353,48

MAIN PRICE CHANGES

(Base: December 31 1931 - 100)

7-ree Mks. \$4404,434 + 90 2656,638 mgsten \$42,10 \$47,64 offram 2.65b \$32,42 \$32,42 66 \$2553,5 7,5 \$347,5 67 mths \$2553,5 6.252546,5 producers \$255,6 \$352546,5

Mer.#2113.55 +0.10#2113.90 #149.00 #145.00 Mer.#113.55 +0.80#2113.45 Wint. ;

† Unquotad. † Per 75-16 finals, c Cents pound. * Cotton suttook. x Jan-Feb Dec-Pen. w Feb. y Feb-March.

COFFEE With a strong close is New York lest Wadnesday London opened some 520 higher today in thin trading conditions reports Draxel Burnham-Lambert. By mid-morning Commission House selling had slowly ecoded most of the gains and with a poor parformence from New York, further liquidation took levels back to unchanged.

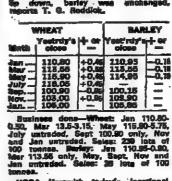
1688-50 = 5.5 | 1670-50 | 1643-47 | +1.5 | 1682-40 | 1691-75 | +5.5 | 1705-70 | 1705-80 | 1705-80 | +1.0 | 1790-60 | +6.0 | -1.5 | 1795-85 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | +6.0 | -1.5 | 1790-60 | Salea: 4,336 (3,168) lots of 5 tonnes. ICO indicator pricts (US cents par pound) for December 31: Comp. daily 1379 122.80 (120.78); 15-day average 127.42 (128.57).

1415-1417 9.0 1488-1416 1458-1440 -5.0 1688-1488 1458-1440 -5.0 1688-1488 1467-1488 -9.0 1472-1485 1514-1517 -8.0 1883-1818 1548-1545 -8.5 1851-1847 1560-1575 - 1869

8CCO indicator prices (US cents per pound). Delly price for Jennary 5: 80.82 (91.85): five-day average for Jensery 8: 80.88 (80.85).

GRAINS

Old crop wheat market remained absety on teen shipper buying interest. Country merchants appeared on both sides of the market but, late in session, beened towards the buy side. Old crop barley market by compension was extremely thin, with light book squaring and modest shipper salling on Jenuary and March positions, eccounting for the 25 for volume. New crop markets sens only September wheat trade at the down, barley was anchanged, reports T. G. Roddick.



POTATOES

Although physical trada was slow fetures opened immediataly firmer rapidly trading over £3.00 up before good two-way business energed. This etrangth was due to combination of factors: a firmer Dutch quots doubta over instore keeping quality, and eventually during P.M. to chertist brask out apwards through old rasistence hitming atmoless buying orders which further fuelled values to close £8.50 up besig April position, at days highs, reports Colsy and Harper.

US MARKETS ANTICIPATION that, as &

result of the Opec agreement world oil prices could rise to between \$18.50 and \$19.00 per

barrel, led to a firm opening in crude oil futures, reports Drexel Burnham Lambert Initial Commission House huying, however, failed to penetrate short-term resist-ance levels commencing \$18.30 basis February and prices fell back as the trade prices fell back as the trade sold the market; support emerged below the \$15 level as locals dominated the rest of the session. Early profit-taking in the gold futures depressed values before prices railied in advance of the 460 level basis Feb en shortcovering and, late in the session, trade buying. Initial Commission House selling in silver futures falled to penetrate the support at 540-50 basis March prompting them to buy the market touching off light stops at 546. However, resistance emerged at 549, in front the sold of the support at 5550 and 557 to stops at 546. However, resistance emerged at 549, in front of stops at 550 and 557 to stem the advance. Good Commission House buying on copper futures touched off stops between 6145 and 6200 basis March and, despite a brief profit-taking decline, fresh trade and fund buying towards the close further steadied prices. The softs were generally quiet, with trade selling in coffee, Brazilian and speculative selling in cocoa

NEW YORK



High Low Prev 129.50 130.50 130.25 130.25 132.40 130.13 137.50 132.75 135.00 138.76 135.00 130.00 138.75 137.50 130.00 138.76 137.50 130.00 138.76 137.50 130.00 Close 137.00 132.50 133.75 135.00 138.28 137.25 138.16 SOYABEANS 5,000 bit min-cents/60-lb bushel

COTTON 80,000 (be: conts/fbs

CRUDE OIL (LIGHT) 42,000 US gallons; \$/bernel gallons 77.80 18.00 17.85 17.86 17.88 17.80 17.48 17.70 17.88 17.75 17.37 17.86 17.37 17.86 17.30 17.86 17.30 17.45 17.30 17.42

RUBBER

484 424

GAS OIL FUTURES

US \$

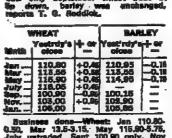
HEAVY FUEL OIL

Yesterday + or

US #

96,50 96,50 95,50

Sales: 1,851 (-) lots of 10 tonnee.

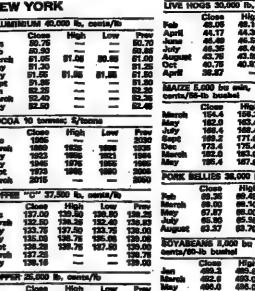


to remain unchanged.

LORDON SRAINS—wheel: US derit acriters agring Mr ? 15 per cent Feb 103.00, Mer 103.50, Agril/May 101.50.

US No 2 ach; red winter Jan 105.25. French 112-12 per cent Jan 142.00. English feed tob Jan 115.25/(115.00, Feb 116.25) 116.76, her 117.25 tayer, Jan/Mar 116.75 seller, April/June 118.50/119.25. English feed tob Jan 116.50/119.25. English mater US No 1 yellow/French transkipment east court Der 142.50, 117.00, Boston 114.50/115.50, Scottish Feb 115.50/116.50. English/Scottish Jan/Mar 116.76/116.78, Scottish April/June 118.00 seller. Rest unquoted.

Yesterday's Previous Business close close done



BOYABEAN MEAL 100 tons, S/ton Jan Closs Jan 142.9 May 143.5 May 143.5 July 143.3 August 145.3 Bopt 145.2 Cot. 245.3 Dec 146.7

SOYABBAN OIL 60,000 lb, cent

Oct 15.56 15.50 Oct 15.56 15.50 Dec 15.67 15.0 Jan 15.60 15.7 WHEAT E.000 bu mirt, Conto/80-to bushel

Prev 401.8 404.0 405.1 407.7 411.2 414.7 418.0 425.8 433.1 418.0 SPOT PRICES—Chloage loose 16.00 (18.00) cents per pound. I and Harman silver buillon (543.5) cents per troy ounce.

(-22.78); GB-Pige 74.82p per kg lw (-4.41). FUTURES-Live Cettler Feb 38.10; April 95.80; Sales O. Pige: Feb 94.80; April 95.80; June 96.80; Balse 10. PHYSICALE—Closing prices (buyers): \$pot 64.25p (64.75p); Feb 62.25p (62.75p); Merch 62.50p (63.00p). Kusia Lompur fob prices (Melaysian cents a kilo): RSS No 1 221 (220) and SMR 20 201 (200). FUTURES—Indiex 848, Pabruary 655-675, Merch 670-680, April-June 675-685, Juny-Sept 681-686. Sales: Nil.

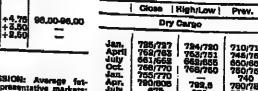
There were 34,476 packages on offer in the London toe auction, including 5,400 packages in the off-shore section, reports the Tes Brokers' Association. Selected brighter Assams the good competition and often gained 3-5e but mediums were irregular and tended asier, particularly plainer dusts. Bangledesh tess wers quite well exported and coloury types out on 2-4p. East Africans were sometimes 2-3p lower by the close. Central Africans (oblowed a similar pettern and plainer varieties lost ground. Ceylons met less demand than of less and apart from selected coloury BOPF's which held values, prices were 5-10p lower. Offshore tess came in for fairty good demand with brighter sorts fully firm. Quotations: quality 175p a kg nominal (175p); medium 148p a kg (150p); kew medium 111p a kg (111p).

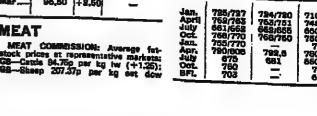
Latest + or --CRUDE OIL-FOR(\$ per burrel)-Juli. SUGAR

The market eased back from pre-toliday levels on some scattered long lquidation, reports G. Czarnikow. 5 per tonne \$1ar | 187.9-187.9 | 187.8-188.0 | 188.3-188.0 | 184.3-180.0 | 184.3-180.0 | 184.3-180.0 | 184.3-180.0 | 184.3-180.0 | 184.3-180.0 | 184.3-180.0 | 184.3-180.0 | 184.3-180.0 | 184.3-180.0 | 184.3-180.0 | 184.3-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.0 | 184.4-180.

ASU/1350, LONDON BAILY PRICE — Raw augar 145.00 (ESB.00), unchanged a tonne for January-abruary delivery. White sugar \$173.5, own \$1.00. Sales: 620 (--) lots of 60 tonnes. Tate & Lyle delivery price for granu-lated basis sugar wes £200.5 (same) a tonne for export. Turnover: 5,226 (2,457) lots of

FREIGHT FUTURES





CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

famility is 1987

Men a Man p 111 p 112 p

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A Print | Inc Chaps.

Hard Marie Control of the Control of

SPACE STREET STR

EA

SUGAR

Op t form of t series descriptions

Character of the control of the cont

Intervention boosts dollar

INTERVENTION TO buy dollars by the West German Bundesbank the dellar in 1886-27 is 2.4710 to helped the dollar achieve a partial recovery on the foreign exchanges yesterday. The US coursency was already technically higher after has week's sharp fall, but with trading very thin around the Christmas and New Year holidays dealers generally felt there was further scope for a dollar decline. INTERVENTION TO buy dollars by the West German Bundesbank helped the dollar achieve a partial

The dollar rose to DM 19305 from DM 19173 to SFr1.6285 from SFr1.6090; to Y159.45 from Y156.20; and to FFr6.3950 from FFr6.35.
On Bank of England figures the dollar's index rose to 108.2 from

STERLING—Trading range against the deliar in 1996-67 is 1555 to 1.3799. December average 1.4387. Exchange rate index field 2.7 to finish at the day's law of 68.8, after opening at 69.2, and compared with 76.9 strongs as an except weaker, in spite of firm North Sea oil prices of around \$18 a barrel, and the high level of London interest rates. The pound field 1.75 cents to 51.4725-1.4735. It also declined to DM 2.825 from DM 2.8375; to FF19.42 from FF19.4650; and to Y23.475 from Y25.75, but was unchanged at \$1.3799.

STERLING INDEX

pril service pril service pril service CURRENCY RATES

0.730930 1.07849 1.48487 14.6092 43.1963 7.85519 2.37394 6.85920 1445.72 171.264 7.93608 141.262 7.28616 1.74716 1.74716 3.4 77

*CS/SDR rate for bac. 31; 1,6861 (1) SDR Rates for law 2.

CURRENCY MOVEMENTS

Sterring
U.S. Dollar
Canadian Doffer
Austrian Schilling
Selgian Franc
Dentsh Krone
Dentsche Mark
Sels French
Gester
French Franc
Ling
Van

Morgan Guaranty changes: average 2980-1982-100. Guak of England techn (Sant average 1975-100).

OTHER CURRENCIES Jan. 3 & 8 S A-questing
Angesting

Angesting
Ang Jan. 5

UK clearing bank base lending rate 11 per cent since October 15

bank money touched a high of 1134 per cent before easing away to 4 allocated DM 10.5bn at its latest sale and repurchase tender at a rate of 460 per cent. The amount allocated was considerably less thank money touched a high of 1134 per cent. The Bank of England forecast a shortage of around £1,000m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £516m and Exchequer transpoint forward balances £195m below target. These were partly offset by a fall in the note circulation which added £355m. To circulation which added £355m. To belp alleviate the shortage, the Bank offered an early round of assistance which totalled £106m and comprised outright purchases of £50m of eligible bank bills in band 1 at 10% per cent. £39m in hand 2 at 10½ per cent. £50m in hand 2 at 10½ per cent. £50m in band 4 at 10½ per cent. £50m in band 5 at 10% per cent. £50m in band

erally felt there was further scope for a dollar decline.

The reduction in the US Budget deflicit in the 1988 financial year, led to some about covering. The proposed by the Resgan Administration, was in line with expectations, and had no impact, but the market could see little siturnative to a further weakening of the dollar had fallen to a low of DM 1930s, after department of the market, but finished near the day's high at DM 19325, after opening at DM 19325, after department of the dollar was fixed in Frankfurt at DM 19339 from compared with DM 19339 precompared with DM 19339 from

compared with DM 1.9199 pre-viously, Dealers commented that the action by the authorities was well timed, and resulted in short covering of dollar positions. It was the first time the central bank had bought dollars on the open market since October 14.

EMS EUROPEAN CURRENCY LINET RATES +0.98 +1.28 -0.96 +0.59 -0.69 +0.78 -1.72

against the dollar in 1966-87 is 202.70 to 152.35. December average

162.13. Exchange rate index 206.3 against 212.2 six menths ago.

The yen showed little change aganst the dollar in Tokyo yester-

against the dollar in Toxyo yester-day. Sentiment was bearlsh for the US currency, because of the record US trade deficit in Novem-ber, but any move to sell the dol-lar was offset by fears of interven-tion by the Bank of Japan at around Y188, and by expectations that the Japanese transferrence.

that the Japanese investment trusts, set up last month, have not

yet hought enough dollars to meet their requirements for foreign bond purchases. Dealers expected the dollar to fail this week, but that the decline would be offset by demand from foreign bond investors. The dollar touched a low of VISE 15 in Tobaco.

touched a low of Y158.15 in Tokyo

but closed at the day's high of Y158.65, compared with Y160.10 at the previous close on December 31, and Y158.50 on Friday in New York

± 1.5368 ± 1.6403 ± 1.1127 ± 1.3659 ± 1.5059 ± 1.6683 ± 4.0734 6.87316 2.37833 0.764976 1476.95 POURD SPOT-FORWARD AGAINST THE POUND 14700-14850 2020-2029 3.204-3.224 99.10-39.46 10.75-10.834 10.46-1.0550 10.46-1.0550 192-72-194.60 1974-1991/2 10.824-10.90 9.35-1.444 9.85-10.024 224-225 200-20.09 LAT25-LAT3\$ 2.0270-2.0280 2027-20280 3207-1201, 951.0-96.20 10.772-10.785, 10.000-10.090, 2831-224, 213.15-224,00 1935-193.80 1978-1979-30.844-10.852, 9.57-9.96 3844-2354, 2006-20.09 2394-2404,

Belgion rate is for competible francs. Figuresis franc 60.40-60.50. Sta-month forward politic 3.51-3.26 g pm. 12-month 6.25-6.15 e pm.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR 4.40 1.71-1.66 pm 8.09 2.00-2.60 pm 9.72-0.77 ds 0.07-0.05 pm 1.72 ds 0.09-0.06 pm 1.79 0.61-0.69 ds 1.79 0.61-0.69 ds 1.79 0.61-0.69 ds 1.79 0.61-0.62 ds 1.79-0.75 ds 1.79-0 0.55-0.35a pm 1.00-0.90a pm 1.00-0.90a pm 0.20-0.25a dm 0.33-0.01a pm 0.34-0.25a pm 0.34-0.25a pm 1.03-1.00a pm 1.03-1.00a pm 1.03-1.00a pm 1.03-1.20a pm 1.03-0.25a pm 1.03-0.25a pm 0.38-0.33a pm 0.38a pm 0. 1,4700-1,4850 1,4725-1,4738 1,4000-1,4240 2,4055-1,4054 1,5725-1,3773 1,740-1,3770 1,755-1,3773 1,740-1,3770 1,755-1,375 1,740-1,3770 1,755-1,324 1,755-1,324 1,755-1,324 1,755-1,324 1,755-1,324 1,755-1,324 1,755-1,324 1,755-1,324 1,755-1,324 1,755-1,324 1,755-1,324 1,755-1,324 1,755-1,324 1,755-1,324 1,755-1,324 1,330-1,330 1,350-1,350 1,35 4.98 7.66 -2.16 0.14 -1.77 -0.36 1.36 -5.92 -6.93 -6.9

BURO-CURRENCY INTEREST RATES 114-114 14-65 71-84 66-5 58-78 48-48 11-114 11-114 74-74 84-54 44-44 94-104 3-34 11-12-\$1-64-\$1-64-\$1-6-\$1-6-\$1-6-\$1-6-\$1-11-\$1-7-114-114 65-66 74-86 65-66 87-36 414-41 9-89 114-154 7-74 7-8 41-49 104-104 86 114-114 884-64 884-64 33-4 43-43 113-124 12-124 72-73 8-9 44-43 133-114 3-74

Long-term Eurodollars: Two years 6½-6½ per cent; three years 7-7½ per cent; four years 72-7½ per cent; five years 25-7½ per cent governed. Elect-term series are outlifted for US Dollars and Japaneses Yest; steep Japaneses years are cent for US Dollars and Japaneses.

EXCHANGE CROSS RATES Jan. 2 & 8 DNS YEDI F Pr. S Fr. H FL. Line C S B Pr. PM 0.952 0.516 1 82.59 3.314 0.843 1.130 696.2 0.713 20.81 YEN 4.260 6.275 12.11 1060. 40.13 10.21 13.68 8430. B.657 252.0 F 5v. 1.062 1.564 3.018 249.2 10. 2.545 3.416 2101. 2.152 62.79 8 Ft. 0.417 0.614 1.186 97.91 3.929 1. 1.340 825.4 0.846 24.67 H PL 0.511 0.459 0.885 73.07 2.932 0.746 1 616.0 0.631 18.01 Lina 0.505 0.744 1.436 118.6 4.760 1.211 1.623 1000. 1.025 23.89

POUND-S (FOREIGN EXCHANGE) | 14(3) | 14(5) | 14(5) | 14(6) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7) | 14(7 6 \$ 0.493 0.727 1.402 115.8 46.46 1.182 1.584 976.1 1. 29.17 8 Pr. 1691 2.490 4.806 396.9 15.93 4.053 5.431 3346. 3.428 100.

Close High Low
Ner. 1.4590 — ...
June 1.4428 — ...
Sept. 1.4227 — ...
Estimated volume 0 CJ
Previous day's open jet 465 (945)

U.S. TREASURY BONDS 8% SIDE,000 32min at 198%

Close High Law Pres, Morth 100-02 100-05 99-18 99-01 June 99-05 99-04 Estimated Volume 2,380 (855) Previous day's spee Int. 3,231 (3,542)

CURRENCY FUTURES

Little real

Change

C 470-485 883-811 311-312 68-642 4-3125 114-12 114-12 115-144 115-144 115-144 4.65 4.80 83-7 5-10 62-68 4.15625 114-114 4.65 13-134 57 LONDON MONEY RATES Moeth Taree | Interbunk | 113-4 |
Sterling CDs.	113-4
Sterling CDs.	113-11
Local Authority Deposits	113-11
Local Authority Deposits	113-11
Discount Market Deposits	113-11
Company Deposits	113-11
Finance House Deposits	113-11
Transtery Bills (Bay)	
Sank Bills (Bay)	
Fine Trans Bills (Bay)	
Dollar CDs.	
SDR Linked Deposits	
ECU Linked Deposits	

Tressury Billis (sell); one-month 10% per cent; three-months 10% per cent; Bank Bills (sell): one-month 10% per cent; three-months 10% per cent; Tressury Billis; Average tender right of discount 10.4727 p.c. ECGD Floud Flounce Schema IV reference date November 29 in December 31 (inclusive): 11.932 per cent. Local Authority and Franco Houses seven days' notice, others seven days' flore. Fination Houses Base Rese 11% per cent from January 1, 1987; Bank Deposit Rates for some at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit \$10,000 and over haid under one month 10% per cent; one-three months 11 per cent; three-sis months 11½ per cent; sho-low months 11½ per cent; three-sis months 11½ per cent; sho-low months 11½ per cent; three-sis months 11½ per cent; three-sis per cent.

FINANCIAL FUTURES

Gilts fall on weak pound

CILIT PRICES lost ground in the London International Financial before attracting renewed buying up to 114-20. However there was a good ing a weaker sterling trend. The latter was mainly a reflection of a recovery in the value of the US abrugging off its initial lethargy, speculators rise but some dealers failed to believe that any change had taken place in the factors governing sterling's respectively as the factors governing sterling's performance and yesterday's weaker trend tended to underline the point.

The long-dated gift for March delivery opened at 114-12 down from the contracts retained a bullish feel mainty because many dealers saw a good chance of lower US interest rates.

LIFFE LONG GILT PUTURES SPTIGES

the early afternoon. It touched although remained good with over 25,000 lots traded in gilts.

LIFFE US TREASURY BOND FUTURES OPTIONS LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Last Narch 13.30 8.30 4.00 1.60 0.45 0.25 1.50 Last March 0.30 0.65 2.05 4.65 16.10 20.90 20.20

LONDON 20-YEAR 12% NOTIONAL ONL 650,000 32:64 of 160% *** *** *** *** 13-18 12-27 93-23 94.75 94.80 94.25 94.62

The March bond opened at 99-22 and fell almost immediately to a low of 89-18. It traded just above this level for most of the morning before demand from the US pushed it to a high of 100-05 before closing at 100-

93.97 compared with 93.96 on Friday and traded steadily before impro-ving in line with the US bond during Trading in some contracts was confined to a fairly narrow range

10 134 30 5 116 31 25 5.708 64 3.30 69 1.30 584 0.80 10 0.40 41 1.40 192 3 113 5.40 35 8.80A 12 13 8 17.50 FI 218 35 Fl.159.20 F1,89.90 FL176.50 11.39.30 030 520 0.90A 110 210 250 550 550 3.60 FL80.70 17.44.40 F1,209.40 FL95.20 FL534 **BASE LENDING RATES**

EUROPEAN OPTIONS EXCHANGE

185419855 145

150 950

359

3

ABN Bank Adam & Company Allied Arab Bk Ltd Mint Credit Corp. Ltd... Hat Bit. of Kanada Morwich Ces. Trest... PK Floars, led (UK)
Provincial Trest Ltd......
Raphael & Sors
Rachael & Sors
Rachael & G'ranive
Royal Bk of Soxtland..... Bank Happelint....... Bank Least (UIC) Bank Credit & Court Truster Savings Bok ... 11
ODT Morgage Exp. ... 11
Upited Bk of Konstr.... 11
Upited Microsi Book ... 11 Westpac Binking Corp Whitesway Laidhau ____ Yorkshine Bank____ Bank of Scotland
Banque Beige Ltd
Barclays Bank
Bencintark Tst Ltd e Hambro Rack _____ Heritable & Gen. Tel. C. Hoare & Co
Hoogkong & Shangh'
Llaye's Block
Muse Westpac Lid.
Meybral & Sons Lid.
Midland Bank Brown Shipley CL Bank Nederland Canada Permanent

EWORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on January 5, 1967. In some cases rate is nominal.

Market rates are the avarage of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, so direct qualation evalulary (F) from rate; (P) based on U.S. deliar parities and going storting-deliar rates; (T) transist rate; (Res.) based on U.S. deliar parities and going storting-deliar rates; (T) transist rate; (A) based on U.S. deliar rate; (A) seeking rate; (C) controlled rate.

COUNTRY	CUBRERCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	ALUE OF A STERLING	COUNTRY	CURRENCY	S STERLING
Afgheristis	Alghani	99.20	Share	Cedi	225.6440	Pasama	Belteo	1.4730
Albania	Lek Dinar	10.10 6.84	Gibraiter	Gibraltar E Drachma	1.0 204.93	Papus New Guines	King	1.4039
	French Franc	9.42	Greentend	Danish Krone	10.7825	Paragully	Gentrale	(353.35 (990.83
Andone	LSmanish Petern	193.65	Grenada	E. Caribbeat S	3.99	Born	l-d	Jere(a)20.75
Angola	Кириса	44.1745	Cuadaloupi	Local Frant	9.4200	Paru	inti	129.825
Antique	E. Caribbook S	3.99	Guarr	U.S. \$	1.4730	Philippines.	Philippine Peso	29.70
Argentina	Austral Florio	1.8503 2.6514	Geographic	Quetzel	{1.4730 (F) 3.8356	Pitcairn (slands	E Sterling	T
Arstralia	Australias S	2.2055	Cobes	Franc	502.01	Polsed	New Zeniand \$ Zioty	2.7648 201.57
Arstria	Schilling	20,075	Guinea-Blasseu	Peso	251.71	Portugal	Escudo	213.50
Azorei	Portuguese Excudo	213.58	Guyana	Guyanese \$	5.90	Prento Rico	U.S. S	1.4730
[5 c 0	3	Halti	Courde	7.3650	Cetar	Getari Ryali	5.3835
Salestia	Betante S Dinar	1.4730 0.5575	Hondoras	Lempire	2.9455	Reservon tale de in	French Franc	9.4200
Balearic Islands	Spanish Petinis	293.65	Hoog Kong	H.K. S Forint	11.5155 67.6393	Romania	Lea	(にか) 6.25 ((N/C) 15.38
Banglodesh	Talca .	44.50		icelendic Kronn	59.522	Regards	Remarks Franc	122.17
Barbados	Barbados S	2.9626	inciand	todian Rupes	39.522 19.00	St. Christopher	E. Caribbean S	3.99
Belgions	Belgian Frinc	(fee) 59,15 (fee) 60.45	Indonesia	Ruplah	2439.825	St. Helena	St. Helena €	1.0
Belitze	B S	2.9460	Iran	Rial	110.25	St. Lucia	E. Caribbean \$	3.99
Benie	C.F.A. France	472.00	Iraq	iraqi Dimor	0.4630	St. Plarre	Locat Franc E. Caribbeat S	9.4200 3.99
Ваглида	Bermutias \$	1.4730	Irish Republic	Pont, Shekal	1.0485 2.1965	Samos American	u.s. s	14730
Shotan	Ngukruss Bolivian Pasa	19.00 (a)2.823.068.0	Italy	Tita Lite	1979.0	San Marino	Italian Link	1979.0
Bolivia	Polic	2.6875	Ivory Coast	C.F.A. Franc	471.00	São Tomé & Principe	Dobra .	54.62
Brazil	Cruzado	22.0858 CM	Jamaica	Jamakan Dellar	B.4450	Saud Arabia	Saudi Ryal	5.5338
British Virgin Islands	U.S. \$	1.4730	James	Yen	234.75	Seregal	C.F.A. Franc S. Rupee	471.00 8.40
Branel	Srunel \$	3.2105	Jordan	Jordanian Dinar	0.5055	Slerra Leone	rente rente	(a) 50.75
Bulgaria	Ler C.F.A. Franc	1_2967 471_00	Kampuches	Riel	N/A	Slogapore	Singapore \$	3.2105
Burne	Kyat	10.0258	Kenya	Keeya Shilling	23.60	Solomon (stands	Softeman (s. \$	2.9091
Burendi	Burnodi Franc	180.40	Korna (North)	Australian \$	2.2055 1.3846	Sociali Republic	Someli Shilling	162.03 ((Cm)3.19 50
	0.54 5	473.00	Korea (South)	Work	1281.325	South Africa	Rand	(Fg) 6.8113
Carrainoph	C.F.A. Francisco	2.0275	Kreatt	Kennalti Dinner	0,43120	Spale	Paseta	193.65
Canary Islands	Spanish Peseta	193.65	Lacs	New Kip	51.555	Spanish ports in North Africa	Bassan	********
Cape Verde Islands	Cape V. Escudo	131.49	Lebance	Lebanese E	125.8755	Sri Lanka	Peseta S.L. Rupes	193.65 41.75
Cayman Islands	Cayman Isles. \$ C.F.A. Franc	1.2300 471.00	Lesotho	Maint	3.1950	Sudan Republic	Social E	3.6825
Cent. Afr. Republic	C.F.A. Franc	471.00	Liberia	Liberian \$	1.4730	Surinam	S. Guilder	2.6293
Chile	Chilean Peso	296.60	Lityre	Libyan Dinar Swiss Franc	0.4642 2.3975	Swaziland	Litangesi	3.1950
Chica	Resminhi Yuzu	5.5257	Lexitation.	Lexembourg Fride		Switzerland	Swedish Kronu Swiss Franc	9.9750 2.3975
Colombia	Col. Peso C.F.A. Franc	325.92 471.00		Pataca	11.9601	Syria	Syrian £	(A) (D) 9.0
Congo (Brazza-life)	C.F.A. Franc	471.00	Macao	Portotuese Estudo		37/18 20	Syriam E	(cm) 5.7815
Costa Rica	Colon -	86.97	Majagasy Rapoblic	M.G. Franc	1031.80	Talwan	New Talwan S	52.15
Cuba	Cuban Peso	1,1861	Malari	Kwacha	2.8475	Tanzania	Tan, Shilling	76.50
Cypros	Cypnis £	0.7450 ((com) 8.20	Malaysia	Ringgit	3.8423 10.3110	Theiland	Balts G.F.A. Franc	38.10 471.00
Crechosiosolda	Korana	(com o_2) (n/c 14.28	Mail Republic	Ruffyra C.F.A. Franc	471.00	Tonga Islands	Palanca	2.2055
1		(1) 13.91	Waltz	Maltere £	0.5360	Trinidati & Tobago	Tripidad & Tob. S	5.3028
Descript	Danish Kroner	10.7825	Martinique	Local Franc	9,4200	Tunkla	Tunklan Dinar	2.2362 (sg)
Disbousi Republic of	Dilbouti Franc	255.0	Macritoria	Ouguiya	110.44	Turkey	Torkish Lira	1101.59
Dominica	E. Carthbean S	3.99	Mauritius	Mauritian Rupee	19.075 (F) 1372.50	Turnis & Calcus Islands	U.S. S Autovalian S	1.4730 2.2055
Combulean Republic	Dominican Peso	4.5033 (7)	Mexico	Medicae Peso	(c) 1362.81	Usanda	Uganda Skilling	2000.0
		((a) 215.75	Miquelos	Local Franc	9.4200	Upited States	U.S. S	1.4730
Econolor	Sucre	(E) 213.40	Monaco	French Franc	9.4200	Uruguay	Uruguay Peso	261,335
Egget	Egyptian £	(1031)	Mongolia	Tugrik	4.9427	United Arab Emirates .	U.A.E. Dirham	5.4158
		1.9974	Montserrat,	E. Çarîbbean \$ Dirham	3.99 12.68 (sg)	U\$\$R	Rouble	0.9815
El Salvador	Colon C.F.A. Franc	7.3675 471.00	Mozagbiote	Metical	CA) 57.93	Vansiding	Vatu	167.55
Ethiopia	Erbionizo Birr	3.0550	Nambia	S.A. Rand	3,1950	Varieta	Italian Lira	1979.0
		1.0	Naura Islands	Australian S	2.2055	Veneznela	Bathan-	(4) 6.33
Faikland Islands	Falkiand Isles E Denish Kroner	10.7825	Nepti	Nepalese Rupee	31.60	A444,11615	Bother .	(5) 11.05 (6) 34.39
Fili Islands	FUI S	1,6727	Notherlastis	Guilder	3.2125	Vietans	Dong	(6) 118.20
Finland	Marida	7,0320	Netherland Antilles	Antilian Guilder	2.6574	Virgin Islands U.S.	U.S. S	1.4730
Fr25ce	Franc	9.4200	New Zealand	N.Z. \$	2.7648	Western Samoa	Tata	(A) 3.20
Freeza C'ty lo Africa	C.F.A. Franc	471.00	Nicaragea	Cordoba	(1349,16 (F) 3240,05	-		
Freezit Galanz	Local Franc	9.42	Niger Republic	C.F.A. Franc	472.00	Yemen (North)	Ryat S. Yemen Disse	(A) 15.15 (sg)
French Pacific Islands .	C.F.P. Franc	165,00	Nigeria	Naira	(n) 4.8481 (15)	Yugoslaria	New Y. Digar	0.5064 669.02
Cabos	C.F.A. Franc	471.00	Norway	Morwegian Krone	10.8475	Zaire Republic		
Gamble	Dadasi	11.0 2.8425	Orman Stattagrate of	Rial Omani	0.5690	Zambia	Zaire Kwaciu	100.99 19.15
Germany (East)	Ústmark .	لتعاجب	Park lane	Bulders Owner	25.30	The back		±7.JJ

#Rate is the transfer market (controlled). ## Now one official rate. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for Public Sector Debt and Essential Imports. (5) Preferential rate. (6) Free rate for transpringers, remittances of money abroad and foreign travel. (7) Parallel rate. (9) Banknote rate. (10) Rate for exports. (14) Nearly all basiness transactions. (15) Nigeria, Auction price for dellar N/A. (16) Brazil:—1 cruzado equals 1,000 cruzoleus. (9) Banknote rate. (10) Rate Correction for December 31, 1986; Netherlands 3.2675.

28	1		Financial Times Tuesday January 6 1987
BRITISH FUNDS 1984-87 Price + ar Yield	AMERICANS—Cont. 1766-07 1766-0	LONDON SHARE SERVICE	1986-87 1986
100% 97 2 Trees 16Locky 87	12 7940 Cryfed Fin Corn 7960 +9 40c 3.4		193 96 Reministrat Mart 176
1014 962 Treas. Mac 1987. 9931 1 1002 10.77 977 903 Treas 22c 1987. 977 1162 1 1003 10.77 1004 974 Treas. 12c 1987. 1062 1 1062 1 1190 10.75 1004 964 1 1040	23 1840 Cord Nikoti Cop SI 364p +4	123 84 Den (George) 25p 116 46.0 1.2 73 16.4 26 10 25 25 25 27 27 27 27 27	6 1 vs. 14 Example 10t 50 2801-2 1.3 45 25 123 40 18 (Assot Energy 30) 131 131 134 135 30 44 188
1024 954 France 94 or 78 8 96 1 98 10.79 94 10.79 95 10.7	287p 15th Damso OH 40t 22s 27s 17s Damso OH 40t 22s 27s 17s Dats General 22s +1s 22s 21 +1s	115 106 Fairbris 10 140 141 15 15 17 16 17 16 17 16 17 16 17 17 16 17 17 17 17 17 17 17 17 17 17 17 17 17	350 236-1, 100 23 35 23 150 17 31 24 185 224 186 188 6 com 25 35 23 186 17 51 140
927 82 10 10 10 10 10 10 10 10 10 10 10 10 10	79 55-40m 6 Pressures 51 734-75 32.54 2.6 2.7 55-42 2.6 2.7 55-45	94 79 Gellend 56 94 142 48 14 72 144 374 2255 February Water - 105 10 37 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	7 640 507 Cheming Group 50. 600ml
1102 94 Each 10 prot 99 101 [3+1] 1009 9.44 1143 105 A rest 130 1990 11 105 [3+1] 1009 9.44 1184 97 Each 130 1990 11 100 100 100 11 100 100 100 100	25: 25: Ford Motor 32	28 171 Headerson Group 171 -2 7.0 1.8 5.8 11.6 171 78 Performent Hap 500 - 716 -3 40.60 22 32 1.6 10 10 10 10 10 10 10 10 10 10 10 10 10	3 605 380 Cates (0.200 500 500 500 500 500 500 500 500 500
1126 996 Tress 114or 1991 1033 114 1 1134 1061	15% 10 St Are First Step Bt S1 134+4 625.7c 1.5 376 25% 18 Step First S1 31.4 +4 51.20 2.6 25% 18 Step First S1 31.4 +4 51.20 2.6 25% 18 Step First S1 35.0 214.24 +4 51.20 3.3 57% 374 Step First S1 50.0 3.3 25% 19% Housey need S1 2.5 2.4 50.0 3.3 25% 19% Housey need S1 2.5 2.4 50.0 2.6 25% 19% Housey need S1 2.5 2.6 2.6 2.6 25% 19% Housey need S1 2.5 2.6 2.6 2.6 25% 19% Housey need S1 2.6 2.6 25% 19% Housey need S1 2.6 2.6 25% 19% Housey need S1 2.6 25% 19% 10% 2.6 25% 19% 10% 2.6 25% 19% 10% 2.6 25% 19% 2.6 25% 25% 25% 2.6 25% 25% 25% 2.6 25% 25% 25% 2.6 25% 25% 25% 2.6 25% 25% 25% 2.6 25% 25% 25% 2.6 25% 25% 25% 2.6 25% 25% 25% 2.6 25% 25% 25% 2.6 25% 25% 25% 2.6 25% 25% 25% 2.6 25% 25% 25% 2.6 25% 25% 25% 2.6 25% 25% 25% 25%		102 102 103 104 105
100 % See 100 100 100 100 100 100 100 100 100 1	254 194 Henriton limb 112 243 +114 \$2.80 7.8 112 213 114 214 215	120 75 Moleculars Ps. 10c 126 44 4.27 2.1 4.0 13.6 30 128 Mars Brz Chercia 28 44 0.57 2.3 4.4 14. 2154 (6.5 Leitrey Cop. F100 51.42 +2 147.3% 4.5 1.8 12.5 13.0 36 Marshal Sp. 322 +2 0.35 22.2 0.4 13. 488 236 Leitrey Cop. F100 51.42 +2 147.3% 4.5 1.8 12.5 13.0 36 Marshal Sp. 322 +2 0.35 22.2 0.4 13. 488 236 Leitrey Cop. F100 51.42 4.5 1.8 12.5 13.0 13.6 13.0 Marshal Sp. 33.0 4.4 14. 14. 14. 14. 14. 14. 14. 14. 14.	222 157 Emprission 1804 1 75 12 59 228 335 23 Sebbr 17 350 29 60 66 1 150 130 988 sm & Fren 10p 141 R3.7 22 1.7 174 130 29 60 66 1 156 130 988 sm & Fren 10p 141 135 25 198 108
1174 101 (Ext. 124.00 °92 1064 11.98 10.61	467 340 impersol Rand S2 36 3 + 13 \$2.50 4.6 124 insists \$1. 13 + 14 \$5.00 5.1 \$1.00 5.1 \$1.00 5.1 \$1.00 5.1 \$1.00 \$	120 72 Lawrence (W)	9 78 69 File legens 60 3.9 1.0 82 17.4 195 133 Black Arrow 300 195 1-2 10.17 66 1.1 25.1 25.0 57 First (G, M.) 100 48 11.0 4.1 21 16.2 206 1144 Black (F) Nidos 408 +18 M2 (12.3 0.7 28.5
1289 109 113 1189 1055 129 114 119 1055 129 113 118	28 154 mer; 50: 17-mil-s 40: 15 339. 263 Manuel. Hanore 57: 31 +1 53.22 - 72 311. 2 14 Mererit Inch 51 - 25-mil-s 50: 22 46p 2p Millioptoparter Mena. 2-1	250 128 Magnet & Santhers. 254 + 3 152 23 29 2019 30 63 SSR for 10p 90 +0 1024 - 25 - 343 107 Manner (140) 324 - 2 161 23 35 17.1 130 63 SSR for 10p 99 +0 1024 - 25 - 25 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	344 194 Elpred ldt. 314 - 2 188.4 25 38 1139 315 190 Boott Herry Sub 228 +7 77.1 22 62 14.8 29 8 60 Walst Predskin 50 955 1179 22 6.4 (20 0 28 29) E151/Berg-W. U552-50 965 25 132 Half Eng. 50 294 1837 20 50 120 299 £151/Berg-W. U552-50 50 120 131 141 142 143 145 145 145 145 145 145 145 145 145 145
1201 101 1 Trees 12tc 1995 1078 at -5 11.13 10.54 79 696 2nd 3n Ge 90.95 75 11.13 10.54 11.05 12.06 1995 985 11.13 10.54 11.34 10.54 11.34 10.54 11.34 10.54 11.34 10.54	49) 32-47YNCX \$1	151 95 king & lessed 120 5 40.1 - 0.1 - 160 128 #Borison ind inc. 133 +1 e02d 1.4 1.0 18 277 171 Major int. 269a 1 1579 45 3.0 9.7 975 575 Borisone 10 565 170 4.0 1.7 17.0 17.0 17.0 17.0 17.0 17.0 17.	9 95 220 Heath (Samuel Stop.) 995
1304 1084 Exch 134 pt 1954 1164 1164 1164 1164 1164 1164 1164 11	3314 1940 Residence Gass \$5. 2814+12 1880 - 1.9 384 225-R.R.R. Richters Inc. 3374+1 51.60 - 3.2 255 26 Rep. My Coren 55	340 160 Multisphem Brick 387 al+2 8.0 0 1.7 0 250 128 Sergem Process 203 -2 125 4.9 1.0 27 128 CAP 100 203 -2 125 4.9 1.0 27	190 119 Mill and First 100 127 4 128 220 18 Mills 220 18
1077 89 Erch 94st 1998 957st+1 10.17 10.39	15.3 96p Record 85 165, 44 64c 2.1 33.2 24, 24 51.20 2.6 2.1 33.2 2.4 32.20 5.5 3.5	126 90 Prolitice 10p 1666	94 64 Linead 94 11 223 3777.5 166 18 Burndent 105 113 4 \$103 6 3.8 6 11 71 55 Burndert 105 13 13 15 15 178 85.2 113 95 Burndert 105 13 14 6 12 12 12 13 14 6 13 14 12 12 13 14 12 12 12 13 14 12 12 13 14 12 12 13 14 12 12 13 14 12 12 13 14 12 12 13 14 12 12 13 14 12 12 13 14 12 12 13 14 12 12 13 14 12 13 14 12 13 14 12 13 14 14 14 14 14 14 14 14 14 14 14 14 14
187 127 (Trees 12-pt '98t) 13174-4 11.73 10.66 1244 1021 Eco. 12x1 1978 110.51 10.90 10.47 10.71 10.75	272 234 Tennen 35 254 44 33.04 7.9 1764 135 16 1051 58 9.5 135 44 33.00 - 1.3 254 136 Tennen 56.25 244 45 33.00 - 1.3 606 414 Tenne 105.31 474 4 31.00 - 1.4 154 115 Tenne 50.33 1 114 4 36.6 2 3 4 4 5 1 5 1 5 6 5 2 4 5 1 5 1 5 6 5 2 5 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	55 32 Reprinting 10p 54m-1 101.72 59 1.9 123 0 2 PURISHED 453 10 10 10 10 10 10 10 10 10 10 10 10 10	0 140 185 Mespit 50 124 MLS (62 1.7 (2.7 202) 6 Mangin 50 124 MLS (62 1.7 (2.7 202) 6 Mangin 50 124 MLS (62 1.7 (2.7 202) 6 Mangin 50 124 MLS (62 1.7 (2.7 202) 6 MLS (
1079 575 Camersian Pape 2001 121-1 10.21 10.22 10.27 10.22 10.27 10.22 10.27 10.22 10.27 10.22 10.27 10.22 10.27 10.22 10.27 10.22 10.27 10.22 10.27 10.22 10.27 10.22 10.27 10.22 10.27 1	25 15 Transport Corp S	673 465 Sindil (Wm) 675 - 12.0 5.2 2.5 8.1 39 4.1 19 172 105 Scorti-I Nicrower 145 12.25 4.5 1.9 1.6 5.1 19 1.6 19 1.6 19 1.6 19 1.6 1.6 19 1.6 19 1.6 19 1.6 19 1.6 19 1.6 19 1.6 19 1.6 19 1.6 19 1.	725 182 Moles — 123 +3 7.9 25 58 (7.4) 160 62 De Spc Cr Pf C
Over Fiftness Years 1204, 102 H Each, 12r, 79-02 1077-04-1 10.59 10.59 10.59 10.59 10.59 10.59 10.59 10.59 10.59 10.59 10.59 10.59 10.59 10.11 10.20 10.11 10.20 10.11 10.20 10.11 10.20 10.11 10.20 10.11 10.20 10.11 10.20 10.11 10.20 10.11 10.20 10.11 10.20	CANADIANS		468 215 Do BacCardinativi 475 (7.9% — 1.8 — 32 13 Contribution Ph. 10p — 20 6.4 11.1 14.5 — 3.6 4.5 6 900 6.5 Chambrion Ph. 10p — 40.5 20 6.4 11.1 11.5 Resources State — 218 +3 15.0 27 3.2 14.9 306 190 Chambrion Ph. 10p — 40.5 20 6.4 11.1 2.5 11.5 Resources State — 218 +3 15.0 27 3.2 14.9 306 190 Chambrion Ph. 10p — 32 11.5 1.9 1.8 11.5 11.5 11.5 11.5 11.5 11.5 11.5
406 48 4 maring 3 mer 29-04 50 mer 3	13 20	105 100 Ward Group So. 100 PS.7: 25 52 100 9 97 POSWARD Elect. 45 7 3.5 6.1 6. 100 PS.7: 25 62	7 19 Scharts Wes. III
1174 1991 (res. 12) or 2003-05 11791 - 10.61 10.25 99-1 77 & Iress. 8pc 2002-05t1	980	160 41 Milyele Group 148 (4511) 5 188 422 130 Milyele Group 155 (4515) 45 121 183 145 131 183 145 131 Electrospo 155 (4515) 45 120 Milyele (Geo) 120 Milyele (Geo) 121 122 44 25 122 44 25 123 Milyele (Geo) 121 122 44 25 123 145 145 145 145 145 145 145 145 145 145	1 60 108 SPP 100 110 110 110 110 110 110 110 110 1
94. 807-firms 8-pc 2007. 87 64 6 7 59 8 9 9 1 1079 117-7 (res. 13-pc 104-08. 2007. 2	939 930) Gotten Scotter Res. 259 48 980 3300 Gotten Scotter Res. 2139 49 980 3300 Gotten Scotter Res. 2139 49 139 630 Vigorage Explail 6060 44 139 630 Vigorage Control 1224 49 50 15 100 Vigorage Control 1224 49 96 15 100 Vigorage Control 1224 49 96 15 110 Vigorage Control 1324 49 60	267 195 Alter Holdings. 260 5 Hol. S 28 15 16.7 62 47 [Secretar Holdings. 57 3.23 1.2 8.0 15 262 150 Alter Cothick Tip. 48 +2 12.5 4.4 15 2.6 2.8 22 150 Alter Cothick Tip. 48 +2 12.5 4.4 15 2.6 2.8 22 150 Alter Cothick Tip. 48 +2 12.5 4.4 15 2.6 2.8 22 150 Alter Cothick Tip. 48 +2 12.5 4.4 15 2.6 2.8 22 150 150 Alter Cothick Tip. 48 +2 12.5 4.4 15 2.6 2.8 22 150 150 150 150 150 150 150 150 150 150	210 46 September 2 Pin Su 76 +1
Undated 47 38.3 Counts for 42.5 44.5 9.76 43 33.4 War Law Syneth 36 44.5 9.72 - 7.43 - 7.43 39.2 72.4 7.43 - 7.43 39.2 72.4 7.43 - 7.43 9.75 72.5 72.5 72.5 72.5 72.5 72.5 72.5 7	204 154 Vinner II III 201 21 21 21 21 21 21 2	194 105 1879 106 1894 145 174 184 20 147 Farnell Elec. So 148 44 42.2 50 14 17 17 17 17 17 17 17	1 111 850 Thomas Delis
index-Lieked (s) (2) (2)	70) 500 Weissen Nas. Gas St	100 ES Causing (W) 190 He 19.55 [1.6] M. 1235 7 M	210 138 VSEL Consertion E1 210 410 WSAS 4.3 3.9 6.6 27 15 Diction Feet Sp 216 5.25 2.5 1.4 16.5 1.5 Diction Feet Sp 216 5.25 2.5 1.4 16.5 1.5 Diction Feet Sp 216 5.25 2.5 1.4 16.5 1.5
109,5 99 i Da. 2pc "00 (333.9), 109,5 st+3, 2.43 3.47 1224, 1009, Da. 2pc "04 (257.9), 11874+5 3.69 4.65 1074-99,5 ba 2-yc "01 (308.6), 10024+1, 3.82 4.68	BANKS, HP & LEASING 1994-87	285 128 9Onice 286 44A9 37 2A 3A1 100 6 Minuterative IL 79 100 4 92 125 47 25 92 125 126 126 127 125 93 125 126 126 127 127 125 93 125 126 126 127 127 127 127 127 127 127 127 127 127	15 154 157 158 159 150
1074 979 On Zigr (25 S10.71 200.24 5 3.76 4.00 1100 994 Do. 22 706 1274.11 2003.44 5 3.76 3.99 1100 99 Do. 22 70 110 224.11 2003.44 5 3.69 3.99 1111 994 Do. 22 71 124.11 1894 4 5 3.61 3.01 1111 974 200 Do. 22 71 124.11 1894 4 5 3.51 3.60 1101 874 Do. 22 71 10 23 11 1894 4 5 3.51 3.60 1100 874 Do. 22 71 16 32 201 994 1 3.51 3.49 1100 874 Do. 22 71 16 32 201 994 1 3.51 3.49 1100 1894 Do. 22 71 16 32 201 994 1 3.51 3.49 130 1 294 On. 22 71 22 22 31 32 34 3 35 3 35 974 2 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	255 185 Affection 251 146 people 3.6 5.5 7.9	296 211 Femon Microp 291 1 1 1 1 1 2 2 2 2	10 98 27 Wood (S.W.) 200 50 13 45 85 15 10 10 10 10 10 10 10 10 10 10 10 10 10
INT. BANK AND O'SEAS	7 (11) 600 State Legent	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	4 239 146 Anno A hacteridis — 259 146 bit 527 229 29 1773 153 105 106 106 107
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REGIONAL & IRISH STOCKS

'Recent (ssues" and "Rights" Page 24 (International Edition Page 30)

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trust's centenary later this year. The oil majors took their cue

Australians displayed a welter of

tions, made renewed progress with

lia 25 to the good at 403p, and North

Kalgurii 3 dearer 50p.

South African mining markets took last Friday's substantial gains

s stage further. The firmer over-night tone from New York, although not reflected in a relatively subdued session in the

Account Dealing Dates Dealings tions Dealings Day

Dec 18 Dec 19 Jan 5 Dec 22 Jan 8 Jan 9 Jan 19 Jan 12 Jan 22 Jan 23 Feb 2 " New time dealings may take place from 9.00 am two business days earlier.

The UK securities markets made: hat uncertain start to the first trading week of the New Year, as glit-edged gave back a part of last week's gains and equities failed to respond to the advance on Wall Street. The City gave a guarded response to a confident statement on UK economic prospects from Mr Nigel Lawson, the Chancellor of the

With the pound lower in the face of the latest public opinion polls, which showed a narrowing of the Government's lead, gilt-edged slip-ped lower throughout the session. Long-dated issues closed about 1½ points down in thin trade, with much sign of recovery at the close.

The FT Government securities index shed 0.10 to 84.66.

The trend appeared to bear out ents from major securities uses. "For the UK markets, 1987 will be a political year," said L. Messel, and Nomura Research sug-gested that "political factors rather than economic fundamentals

Warnings from some analysts that UK inflation could reach 5 per cent this year brought initial gains in index-linked (IL) stocks. The authorities were able to activate the recently-introduced IL tap stockmaturing 2024. But gains were trimmed as weakness in conveilts discouraged investors. ess in conventional

The equity market opened firmly, helped by Wall Street's strength on Friday and by the Chancellor's reaffirmation of the Government's wish to cut UK tax rates. But the weakness in gilts undermined the stock market, and undermined the stock market, and prices began to drift off in sluggish trading. The mood brightened, but only briefly, when Wall Street opened with another sharp rise. Share prices remained on the downside, and at the close the FT-SE 100 index showed a loss of L1 at 1,680.0. The FT Ordinary index added 26 to 1,322.8.

Oil stocks made little response to the continued firmness in spot oil prices. Bank shares, which also elped to make the running in equities last week, turned downwards, as some analysts took a more cautious stance on the profits outlook Barclays gave ground after adverse comment from its own stable—marketmaker Barclays de Zoete Wedd put on a "aeli"

ercantile House jumped 86p to 384p on rumours that a substantial block of shares had changed hands—the chairman quickly idmitted that "one or more offers" may be in contemplation. Laing & Cruickshank, Mercantile's broking subsidiary, refused to comment on market rumours that it was offering up to 370p per share on behalf of an American client for a 15 per cent stake in

Another weak spot was British Telecom, with both stocks and

EQUITY GROUPS

& SUB-SECTIONS

CAPITAL GOODS (216)

Bailding Materials (27)

Contracting, Construction (29)

Mechanical Engineering (61) ... Metals and Metal Forming (7). Motors (15) Other Industrial Materials (21). COMSUMER DROUP (184)...

Food Manufacturing (25)
Food Manufacturing (25)
Food Returing (16)
Health and Household Provincts (10)
Leisure (29)

Packaging & Paper (14) Publishing & Printing (14)

Conglomerates (13).
Shipping and Transport (11).
Telephone Networks (2).
Miscellaneous (24).
INDUSTRIAL GROUP® (482).

FINANCIAL GROUP (118)...

Property (48),.... Other Financial (25).

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2 5-15 years

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6 5 years...

8 All stocks.

7 Over 5 years...

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investment Trusts (971 Mining Finance (2) Overseas Traders (12) ...

ALL-SHARE INDEX+(739)

FIXED INTEREST

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Electricals (12) ..

*First Declara- Last Account Dealings Gons Dealings Day Lower sterling weakens Government bond sector while traded options down sharply as the workforce "withdrew good-

will " over a pay dispute. Not all was gloom, however, Jaguar and Saatchi, benefiting from lower sterling, saw some US buying. GEC moved up sharply, as both the shares and traded options responded to

TUMBUTS Barclays sold

Surprise news that Barclays de Wedd is advising clients to sell their shares in its clearing bank parent unsettled Brichard which dropped to 500p at one stage before closing 10 down on balance at 505p. Midland cheapened a couple of pence at 603p, but Lloyds moved up 5 at 450p and NatWest improved 5 at 553p. Having been overlooked of late, Discount Houses returned to prominence. Union jumped 20 to 635p on buying ahead of the annual results scheduled for early next month. Gains sell their shares in its clearing duled for early next month. Gains of 13 and 20 respectively were seen in Gerrard and National, 312p, and Cater Allen, 313p. Elsewho much-trouted morgan creates were helped by a weekend Press suggestion that the group is now ripe for a bid and rallied 12 to 375p. Benchmark, which recently announced an agreed merger with chariton Seal Dimmock, a Man-chester and London-based firm of stockbrokers, rose 2 to 48p, while First National Financial Corporation celebrated the 65 per cent jump in annual profits to £36.7m

rith a rise of 15 at 218p. Breweries, relatively firm of late, partly reflecting persistent seaso-nal interest, adopted a more irregular profile. Allied-Lyens remained lively—some 3.1m shares changed hands—and settled 3 firmer on balance at 326 after 317p. amid reported US support. Ea values prevailed, however, in other leaders with recently-supported whithread A 3 off at 272p and Bass 6 lower at 734p. Guinness traded in nervous fashion, closing 6 cheaper

at 294p reflecting occasional profit-Elsewhere, Matthew Brow Matthew Brown dipped 6 to 554p after 550p, following suggestions in the weekend Press that former suitor Scottish and Newcastle may direct its acquisitive attentions to couple of pence off at 198p.

Business in the Building sector remained at a low ebb and prices remained at a low son and prices
fluctuated narrowly Blue Circle
were 4 easier at 674p despite news
that Adelaide Steamship had
increased its holding in the company from around 9 per cent to 9.57 per cent Eisewhere, Wettern Brothers gained 8 more to 163p awaiting news of bid discussions, but Bryant Holdings, the subject of an unwelcome offer from English China Clays, lost 11/2 to 1611/2 in the absence of a higher bid. Publicity given to a chart buy signal boosted Turriff 4 to 210p, while renewed speculative buying on takeover hopes lifted Notting-ham Brick 2 to 307p. Heywood Williams firmed 4 to 238p following Press comment and Helical Bar

FT-ACTUARIES INDICES

These Indices are the joint compliation of the Financial Times.

Monday January 5 1987

8.91 8.82 7.91 9.19 9.19 10.06 7.46 7.56 9.05 9.15 7.58 7.58 7.58 9.38 5.27 7.75 7.75 7.74 11.18

18.25

4 Medium 5 Coupons

15 Debs &

| Index-Linked | 11 Infacts rate 5% | 5 yrs... | 12 Infacts rate 5% | Over 5 yrs... | 13 Infacts rate 10% | 5 yrs... | 14 Infacts rate 10% | Over 5 yrs... | 14 Infacts rate 10% | Over 5 yrs... | 15 Infacts rate 10% | Over 5 yrs... | 16 Infacts rate 10% | Over 5 yrs... | 17 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over 5 yrs... | 18 Infacts rate 10% | Over

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701_20 +0.3 860.39 -0.5 860.39 -0.5 1191.04 +0.4 1794.27 +0.9 1568.46 +0.5 395.84 +0.5 395.84 +0.5 395.86 +0.1 939.29 -0.8 740.31 -0.1 1883.74 -0.2 497.19 +0.8 2751.58 +0.7 843.81 +0.5 843.81 +0.5 850.64 +1.3 815.89 -0.3 1126.06 +1.3 1011.71 +1.0 1115.17 +0.3 1576.54 +0.7 837.15 -0.4

+0.5 -0.1 +0.1 +0.8 +0.8 +1.4 -0.5 +4.2

620.76 691.43 875.35

805.82

876.44 +1.0 342.16 +0.1 779.53 +0.2

837.72 +0.2

Gross Div. Yield% (ACT at 29%)

14.20 14.27

8.86 3.96 14.29 0.00 716.54 715.61 713.18 755.60 - 4.60 - 0.00 617.80 645.49 612.07 530.39 - 18.25 5.31 7.52 0.00 692.30 691.19 682.66 538.97 - 4.70 - 0.00 874.44 1163.40 864.94 820.52 - 4.70 - 0.00 458.29 456.52 453.70 418.76 8.32 4.62 15.62 0.00 1138.69 1125.69 1119.12 1202.40 - 4.15 - 0.00 346.05 345.85 347.00 287.69 6.05 3.65 21.52 0.00 809.91 806.70 806.99 685.29 8.80 4.09 14.33 0.00 365.01 365.06 364.48 297.59 - 2.62 - 0.00 867.57 870.05 869.91 656.81 9.13 4.69 12.88 0.00 341.86 342.99 339.54 243.20 10.27 5.82 11.80 0.00 778.26 782.20 776.31 668.51 10.27 5.82 11.80 0.00 778.26 782.20 776.31 668.51 10.27 5.82 11.80 0.00 783.64 841.83 832.80 689.86

Mon Jan 5

9.68 9.93 9.93 10.57 10.25 10.04 10.66 10.61 10.09 9.77

3.78 3.82 2.28 3.66

11.09 11.09 11.09

5 years..... 25 years.....

9.70 9.92 9.92 10.58 10.22 9.99 10.66 10.39 10.05 9.82

3.85 3.85 2.35 3.69

11.20 11.19 11.19

share prices move indecisively

							_		_		 Smurfit bounded 10 to 325p and
	F	INAN	CIAL	TIME	SST	DCK I	NDICE	S			Monotype picked up 5 at 132p, while USM-listed KLP gained 5 to
	, age,	Jan.	Dec.	Dec.	Dec.	Year	198	1986/87		mpilation	255p on comment in the Financial
	5	2	31	30	29	ago	High	Low	High	Lów	Times. Press mention was also responsible for firmness in Valin
Government Sees	84.56	84.76	59.53	83.55	83.25	82.15	94.51 (18/4/86)	80.39 (20/1/86)	127.4	49.18 (3/1/75)	Pollen, 5 dearer at 170p. Inter- national lasue Bratchi and Santoki
Fixed Interest	90.42	90.23	89.72	89.60	89.53	88.51	97.68	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/1/75)	benefited from institutional sup- port and closed 20 higher at 730p.
Ordinary 🕈	1,322.8	1,320.2	1,313.9	1,308.6	1,307.1	1,141.8	1,425.9 (3/4/86)	2,094.3 (14/1/86)	1,425.9 (3/4/86)	49,4 (26/6/40)	Suggestions that base rates could fall in the near future failed
Gold Mines	308.9	304.1	288.9	298.2	299.0	267.4	357.2 (22/9/86)	185.7 (1877/86)	734.7 (15/2/83)	43.5 (26/10/71)	to stimulate Properties which drifted lower in the absence of
Ord. Div. Yield	4.35	4.36	4.38	4.39	4.39	4.34		S.E. AC	CTIVITY		any worthwhile buying interest.
Earnings Yld.%(full)	10.29	10.33	10.36	10.39	10.41	10.80	le	dices	Jan. 2	Dec. 31	Hammerson A were particularly
P/E Ratio (net) (*)	11.93	11.88	11.84	11.81	11.79	11.43	Gilt Edged	Bargains	90.2	84.1	dull at 450p, down 15. Elsewhere,
SEAQ Bargains (5 pm)	34,376	19,640	22,524	25,720	22,827	 	Equity Ban	gatins	246.2	208.5	Property and Reversionary dipped 20 to 248p as its offer for Lynton
Equity Turnover (£m)	I -1	320.58	498.96	620.71	751.33	455.77	Equity Values 5-Day Ave		648.0	1008.5	went unconditional with 53 per
Enuity Bargains	l	37,993	32,172	35,743	31,651	27.244	Gilt Edged	Bargains	85.5	89.2	cent acceptances. Standard Secur-
Shares Traded (ml)		220.8	277.8	334.4	308.4	247.2	Equity Barri	gains ne	203.1 1158.9	209.1 1380.0	ities, a good market of late on speculative buying came back 10
	10 a.m. 1321.9		a.m. 21.8	Noon 1317.6		1 p.m. 317.6	2 p.m 1318.		3 p.m. 322 I	4 p.m. 1321.3	to 240p, but Southend Stadium gained 13 to 295p on property development hopes.
Day's High 132	31. D	ay's Low	1317.4								Views that the group now had
Basis 100 Govt		0/26, Fixer	d Int. 1926	i, Ordinary	1/7/35, Go	ad Mines 1	2/9/55, SE	Activity 197	4 *40=11.4	19.	considerable upside potenial trig-
											gered a revival in British and Cam-

revived with a gain of 11 to 441p. Anglia Secure Hemes rose 10 to 290p following acquisition news. Chemicals displayed several bright features. Coalite, still reflecting a new year investment recommendation, gained 6 more to 295p, while Wardle Storeys added 2 to 385p ahead of Thursday's annual results. Buyers were attracted to W. Canning, 8 higher at 149p and James Halstead, 4 up at 164p. Spectra Auto Engineering jumped 7 to 80p following an agreed bid of 95p per share cash from Burmab.

Ratners were firm in Stores, rising 4 to 265p following demand ahead of next Monday's interim figures. Ernest Jenes rose a couole of pence to 90p and Fine Art Developments were wanted at 1979, up 8. Bolton Textile, on the other hand, fell 7 to 27p, after reaction to a newspaper's " sell "

British Telecom down The Mori opinion poll giving the Tories only a very narrow lead

over Labour and renewed worries about the threat of industrial action being made by the com-pany's engineers in pursuit of a 5 per cent claim depressed British Telecom which fell 5 to 211p. Plessay were also friendless at 1820. down 4, but news of a possible US Navy contract helped underpin recently—firm GEC which gained a couple of pence more at 191p.
BICC remained a good market at
278p, up 5, and Ferranti revived
with a rise of 4½ at 103½. BSR
jumped 8 to 90p in response to news of the management buy-out of its Capetronic subsidiary, while Press comment lifted Crystalate 10 to 238p and Sunleigh 3 to 32p. Speculative buying helped Elecre-

Ties Dec 30

Index No.

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Wed Dec 31

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8.06 699.28 696.73 694.97 590.07 8.06 854.46 864.46 863.27 641.50 8.06 1176.54 1185.88 1181.53 942.50 8.06 1777.54 1772.22 1749.30 1567.28 8.00 395.14 393.85 393.12 332.51 8.00 272.03 272.33 269.70 217.61 8.00 272.03 272.33 269.70 217.61 8.00 947.17 938.04 937.65 802.20 8.00 947.17 938.04 937.65 802.20 8.00 1475.70 1649.31 1648.15 1223.40 8.00 182.49 1831.08 1364.15 1223.40 8.00 932.99 986.35 981.80 770.24 8.00 932.99 986.35 981.80 770.24 8.00 932.99 383.51 833.67 763.04 8.00 183.52 541.39 543.99 390.07 8.00 181.16 821.02 820.06 721.63 8.00 1111.16 1114.07 8.00 80.01 1111.16 1114.07 8.00 80.01 1111.16 1114.07 8.00 80.00 1112.14 1114.07 8.00 8.00 1112.14 1114.07 8.00 8.00 1112.14 1114.07 8.00 8.00 1112.14 1114.07 8.00 8.00 83.93 853.93 847.64 893.72 8.00 1105.66 1114.07 1116.08 893.60 9.00 83.93 853.93 847.64 893.72 8.00 1105.66 1114.07 1116.08 893.60 9.00 83.93 853.93 847.64 893.72 9.00 1105.66 1114.07 1116.08 893.60 9.00 853.93 853.93 847.64 893.72 9.00 1105.66 1114.07 1116.08 893.60 9.00 853.93 853.93 847.64 893.72 9.00 1105.66 1114.07 1116.08 893.60 9.00 853.93 853.93 847.64 893.72 9.00 1105.66 1114.07 1116.08 893.60 9.00 852.02 860.46 859.04 720.18

pic Machine move up 3 at 86p and Arrow which put on 18 to 408p Prestwick gain 6 at 62p.

LONDON REPORT AND LATEST SHARE INDEX: TEL 01-246 6026

Hawker, reflecting publicity given to a broker's circular and the proposed acquisition of Connectron, a privately-owned US company, for £5.5m cash, made further headway at 461p, up 6. tor. Tyzeck Turner advanced 14 to 180p on asset injection bopes, while weekend newspaper comnent prompted a rise of 10 to 183p in Braithwaite and a similar gain to 210p in VSEL. Birmid Qualcast, among Chase Manhattan's 1987 recommendations, improved 7 to 147p. BM Group moved up 10 to

Dee Corporation attracted a reasonable business in the Food Retailing sector and closed 3 dearer at 217p. Among Food Manufacturers, Northern Foods were a good market at 251p. up 3, while Tate and Lyle improved 6 to

Grand Metropelitan slipped 9 to 450p as recent takeover specula-tion cooled.

Pilkington down again

Pilkington met with fresh selling as further bid developments were delayed awaiting a government decision on whether the BTR bid is to be referred to the Monopolles Commission; down to 629p in a relatively lively trade (4.1m) Pilkington rallied to close a little above the worst at 635 up down 224 on balance. BTR closed a penny firmer at 271p. Other leading miscellaneous industrial leaders were inclined harder in slow trading, Beechsm, 444p, and Boots, 238p improving 4 and 7 respec-tively. US acquisition news stimu-lated revived demand for Blue

Com. Gold (=671)

(=329)

LC.I. C10680

Marks & Spen. (*183)

8ass (*733)

GKN (*276)

Brit Aero (*512)

BAT Inds (=457)

Brig. Telecom (*213)

9.74 10.33 10.33 11.43 10.77 10.42 11.53 10.94 10.54

0.00 0.00 0.00 0.00

11.76 11.51

11.51

while weekend press mention directed buying interest to Avon Rubber, 15 to the good at 393p.
Newspaper comment also left
Hedgson 7 higher at 178p and Reuters B 6 better at 556p. Kelsey
Industries came to life, rising 27 to 350p in a narrow market, while other noteworthy gains included Scottal Heritable, 9 dearer at 150p, and Bodycete, 7 to the good at 375p. F. H. Tomkins, up 4 more at 297p. ed to ed next Monday's interim results.

In the Leisure sector, Breatgained 6 to 198p, both in restricted markets. Zetters were also firm at 21 lp. up 4, while old takeover favourite Fairline Boats revived strongly with a gain of 13 at 233p. Prudential-Bache recommendations for Jaguar and Lucas Industries encouraged better support to 547p, but Lucas could only hover either side of Friday's clos-ing price and ended at 481p.

Revived suggestions that Norton Opax could eventually fall prey to Mr Robert Maxwell stimulated good demand which brought a of 7 higher at 123p, after 128p. McCorquedat 280p in sympathy. Other features in the Paper/Printing section included DEG, 7 up at 311p. and Bunzi, 4 better at 214p. Jefferson

LONDON TRADED OPTIONS

Jan. Apr. Joly Jan. Apr. July

34722

19 121₂ 54

11077

43 28 17

35 22 12

60 34 17 114 85 60 40

12 6 21₂ 11₂

115 75 43

--95 45

58 41 30

95 96 -

88 55 28

100 55 27

102 62 30 7 113 73 40 17

37 17 4 46 29 16 8 36 22 12 20 27 14 92

13 45

Feb May

7 24 57

01₂ 21₂ 14

04₄
44₂
14
24 14¹2 7¹2 3¹2

20 10 11₂

300 330 360

160 180 200

NEW HIGHS (170) NEW HIGHS (170)
British Punds (3), Banks (4), Buildings (10), Chemicais (4), Stores (6), Electricais (3), Engineering (6), Fands (7), Industrials (22), Insurance (3), Leisera (7), Motors (1), Newspapers (2), Paper (2), Property (7), Taxtiles (6), Trusts (69). Olla (4), Oversess Tratiers (1), Mines (6).

42 24 10 3 47 22 17 38 24

(~£103) (~£103)

Tr.114% 09/07 (%112)

from the trend in crude spot prices. A shade firmer initially, the latter slipped back late in the session to close easier on the day. Britoil attracted fresh demand and touched 1721 p at one stage before Monotype picked up 5 at 132p, while USM-listed KLP gained 5 to 255p on comment in the Financial closing unchanged at 170p. LASMO retained a gain of 2½ at 163½ Times. Press mention was also responsible for firmness in Valin Tricentrel were boosted by sugges-tions of a possible bid from British Gas and gained 5 to 72p, while Pollen, 5 dearer at 170p. Inter-notional lasue Baatchi and Sautchi benefited from institutional sup-port and closed 20 higher at 730p. Triton Enrope rose 12 to 150p following press comment highlight-Suggestions that base rates ing the company's asset value. Newspaper comment was also could fall in the near future failed to stimulate Properties which drifted lower in the absence of responsible for a gain of 9 to 34p in New London Oil.
Fears of a new confrontation in any worthwhile buying interest. Hammerson A were particularly dull at 450p, down 15. Elsewhere, Property and Reversionary dipped 20 to 248p as its offer for Lynton Cyprus unsettled Polly Peck and the shares gave up Friday's late recovery to end a net 4 down

speculative buying came back 10 to 240p, but Southend Stadium noteworthy gains as operators in London responded afresh to another record showing by overgained 13 to 295p on property development hopes. Views that the group now had another record showing by over-night Sydney and Melbourne mar-kets. As on Friday, attention "down-under" centred on industconsiderable upside potential trig-gered a revival in British and Com-monwealth, finally 15 higher at 308p. Associate Caledonia Investgered a revival in British and Commonwealth, finally 15 higher at 308p. Associate Caledonia Investments gained 8 to 286p and Exce, now a subsidiary of B & C. improved 5 to 274p following news of the board reshuffle, Horace Clarkson attracted further buying interest in the wake of fresh newspaper mention and settled 3 dearer at 116p.

"down-under" centred on industrial counters, with media-orientated issues well to the fore, but buyers still found time to take out fresh positions in mining stocks. Golds were particularly favoured, with Central Norseman, 633p, and counters in the wake of fresh newspaper mention and settled 3 dearer at 116p.

Institutional activity led to a Metana 37 up at 375p, Sons of Gwabusier session in Courtaulds which, after a turnover of Lim shares, were 6 dearer at 312p. Tomkinsons continued to be bought and in a narrow market rose 10 more to 248p, while British Mohair recovered 5 at 142p. Munion Bros were again the outstanding performer among lesser-priced stocks, gaining 3 further to 27p, but Early's of Witney ren into a bout of profit-taking after the ecent sustained strength and set-

tled 12 down a 166p. Still weighed down by thoughts of a possible cigarette price war, BAT Industries shed 3 more to

457p. Bid speculation gripped Financial Trusts following the Mercan-tile House news. HAI were a prime target and on a flurry of buying rose 24 to 456p, while International City advanced 19 to 215p and Louden Merchant Secur-ities 4 more to 71p. Earlier in the day, Haw Par had risen 10 to 100p on Far Eastern influences. Invest ment Trusts were notable for Scottish, up 13 at 423p on the free issue of a Warrant for every five

NEW HIGHS AND LOWS FOR 1986/87

NEW LOWS (15)
Buildings (1) Henderson Gp., Stores (1)
Share Drug, Electricals (1) Datron Inti.,
Pools (1) Cransvict, Mill, Industrials
(2) Dominion inti., Sonariac, Insurance
(2) Alexander & Alexander, Pagur (1)
Pitch & Co., Olis (2) Olifield Inspection

Feb. May. Aug. Feb. May. Aug.

PUTS

14, 34, 64, 12

CALLS

47 39 31 20

岩岩 192 87 47

135

410

57.354 | |

Mar June Sep Mar June Sep

42 27

125 88 52

52 34

42 28 16 56 39 24 12 53 17 7

72 42

27 50 80

器

28 39 50

140 -105 125 70 98

25 85 90 27 155 120 90 60

33 151₂ 7 21₄ 23 13 6 29 172 —

50 28 10

90 58 32 75 45 18 5

mood after the extended New Year break—was picked up on the Continent with dealers again reporting worthwhile interest from French

Consequently, heavyweight Golds displayed modest gains, a was reflected tendencywhich among the smaller-priced producers. The FT Gold Mines index rose 4.8 more to 308.9.

Traded Options

Traded Option volume, although well short of the levels transacted before the festive break, still amounted to 23,494 contracts—20,907 calls and 7,587 puts. Dealers reported a relatively lively business throughout the list, with current favourites. British Gas and ness throughout the list, with current favourites British Gas and British Telecom again well to the fore. The former attracted 4,000 calls and 867 puts, while British Telecom, still clearly unsettled by threats of industrial action, contributed \$672 calls and 1,212 puts buted 2,803 calls and 1,212 puts.

Fresh gains for Golds Traditional Options

First dealings

Jan 5 Jan 19 Feb 2 Last dealings Jan 16 Jan 30 Feb 13

Last declaration Apr 2 Apr 23 May 7

• For Settlement Apr 13 May 5 May 18 For rate indications see end of

Unit Trust Service Stocks favoured for the call included Fergabroek, Mitchell Cotts, British Telecom, Amstrad. Oliver Resources, Consolidated Gold Fields, Renold, Norfolk Capital, Greenwich Re STC, Sun Oil, Tricentrol, North STC, Sun Oil, Tricentrol, North Kaigurli, Morgan Grenfeli, Ferranti, Hampson Industries, Gabicci, Fairline Boats, Fine Art Developments, Armour Trust and Robert H. Lowe. Puts were struck in Amstrad and British Benzol. while double options were transacted in Munton Brothers. ion in the Oliver Resources and Thames fluencial Mislag.

TRADING VOLUME IN MAJOR STOCKS

es dealt through the SEAQ system 198 443 3,700 725 2,400 668 836 115 4,200 3,800 3,800 3,803 3,500 Rank Org Reckitt & Col Dec Corp .

WOES WILD LATER	I PO I PAN	•	
tish Funds porations, Dominion and Foreign Bonds ustrials ancial and Properties matters	Rises- 48 15 367 258 53 2 84 130	Falls 47 0 365 106 14 4 16	\$an 99 20
Totals	1,157	573	1,08

	LONDON DECENT ISSUES										
LONDON RECENT ISSUES											
EQUITIES											
Issue Price	Amorai Peid	Resunt.		667	Stock	Clesing Price	+ 01	NeL Div.	Times Contri	Greek Yield	P.E.
PTER	up .	Date	High	Low							_
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_	f.P.	-1	50 67	27	Australia Inv. Wrrts	50 66	-i	10.5	5.6	11	16.9
11	F.P.	28/11	67 471 ₃	65 39	&Avesco (Reg) 1p &B.C.E. Hides 50	4712	+ 5	Rd1.0			151
136	F.P.	2011	27	24	Berson (SGB)	25	11.5	bd0.5		28	157
Ì	F.P.	_	51	37-	+Border TV	49	-2	2.5		7.2	6.1
135	3Û	20/2	68	61	British Gas	64	-14	W6.5	2.1		10.
165	T.P.	8/1	71	63	4Cap & Reg Prop 100	68	+2		1 -	_	35.
175	F.P.	. 20/1	196	175	Fletcher King 10p	175	-1	R4.5		3.6	15.
694 695	F.P.	67	110	107	#Gaynor Group 10p #Halls Homes&Gdas 50	107	1.55	1267 R277	128	35	14/
972 923	F.P.	19/1 5/I	108 26	24	Harmony Leisure 50	26	ļ+2		27 124	3.7 0.5	11. 20.
5700	F.P.	14/1	121	100	#Horney Group 5p	105	+37	R3.195		42	置
\$100 \$128	F.P.	30/1	150	147	Hoskyns Grove 50	147	1000		56	13	16.
\$150	P.P.	21/1	170	158	4 Johnson Fry 100	160	1	13.72	31	33	14.
465	F.P.	21/1	6712	65	Logitek 5p	66	-14	r1.8	38	3.8	9.6
4144	F.P.	23/1	149	14412	MIL Research Sp	145	+5-		3.4		14,
\$102	F.P.	_	111	106	±Mayborn Group 5p	106	-	R3.2		43	ותו
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\$115	F.P.	12/12		126	#QuartoGr.Comm.SO.10		13	R3.195		27	18
170	F.P.	19/12	251	193	@Spandex 10p	251	+1	=13.0		감	14. 31.
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70	F.P.	9/1	113	90	#TSB Channel Islands	112	-i	R3.92		4.4	7.8
<u> </u>	F.P	8/1	120	119	Tribble Harris \$0.01	120	ļ <u>-</u>				17.
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\$110p \$100 \$100 	F.P. F.P. F.P. E10 E50 F.P. Mi	32 199	101\2 110p 102\20 103p 50pm 11\2 49\2 100\2 4ppm	991 ₂₉ 101 ₉ 32 ₂₀₀ m 114 ₂ 411 ₂ 100	Intil City Hides Sty & Criv Cum Red Per F7	103p 4ppm 114 433 ₂	+12		
"RIGHTS" OFFERS									

Issue Price	Ampret Paid	Reneate	19867		Stock	Closing	+ 07
******	#	Date	High	Low		Price	-
60 335 143 100 45 14 5 66 11 10	MI MI MI MI MI MI MI MI MI MI MI MI MI M	30/1, 20/2 30/1 12/2 10/2 20/2 -6/2 10/2 -6/2	61 ₂ pm 36pm 29pm 17 ₂ pm 12pm 12pm 12pm 11pm 21 ₂ pm 11pm 38pm	22pm 12pm 13pm 10pm 41 ₂ pm 14pm 5pm 1 ₂ pm 10 ³ 2pm 7pm	éAnesco 1p Aron Robber £1 Birmingham Mirt \$Freshbake Foods \$p Maring Ind 10o Maston Boss 10p \$New Coart Natural Res. Pariside Hidgs. 10p. \$Property Trust 10p United Guardate Whitecroft Whitecroft Whitecroft Whitecroft	6 ¹ zpm 33pm 23pm 17pm 11pm 10pm 11pm 5pm 1pm 21 ¹ zpm 38pm	+3 -1 ₂ +2 ¹ 2 +4 +4 +2

Respondation state estably last day for dealing free of stamp duty. J Amoustised divideed, b Figures based on prospectors estimates: d Davidend rate paid or payable on part of capital, conver based on dividend on full capital. g Assumed dividend and yield. a Assumed dividend and yield after sorial resure. F Forecast dividend conver on earnings undated by bases interim statement. H Dividend and Yield based on precisions from 1877. L Estimated annualised dividend, conver and pre based on latest annual earnings. R Forecast annualised dividend, conver and pre ratio based on previous dividend; the official estimates. W ProForms Figures: 1 Indicated dividends; convertings to previous dividend; pre visito based on fatest comparability. If Profession, or estimated annualised dividend visite, there based on previous year's earnings. If standards on the fine of the production of the production of professions of Picciong price. & Resignation of States price. & Unlisted securities market. H Official Lundon listing. \$\$\frac{1}{2}\$ Including securities entitlements.

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	t pan 1676.3; 2 pan 1676.9; 3 pan 1680.6; 3.30 pan 1680.2; 4 pan 1678.6
† Flat yield. Highs and lows record, base dates, values and constitue is available from the Publishers, the Financial Times, Bracken I @ Corrected fi	ent changes are published in Saturday Issues. A new list of Committee in House, Cannou Street, London EC4P 48Y, price 15p, by post 28p, Igures 2.1.1987.

WORLD STOCK MARKETS

	AUSTRIA	1 CEBWALM			LAUFSCHALLA (analysis)	JAPAN (continued)		
	Jan. 5 Price + 6	GERMANY	Prices + or Ja	Price 1-1- or at. 5 Kronor: -	ALISTRALIA (continued) Price + 6 Jan. 5 Aust. 8 —	Jan. 5 Price + or	CANADA	
.:	Gredit'nst'lt pp _ 2410 +1 Goesser 5,210	n AEG	Barnen	ns Bank	Gen. Prop. Trust 9.68 , Hardin (James); 4.2 Hartogen Energy 3.05 +0. Herald WyTimes 13.6 +0.	Mitsul Bank 1,350 + 90 13 Mitsul Co. 535 - 3	Sales Stack High Law Diese Cloy Sales Stack High Law Close D	my Sales Stock High Low Class Cong Sales Stock High Low Class Cong
ī).	Landerbank 9,100 —7 Perimposes 610 —7	5 Bayer-Hypo	565 +1 Kosmoi	139 H	Herald WyTimes 13.5 i +0. ICI Aust 3.15 industrial Equity 5.88 i +0. Jimberiana F.P. i 0.41 +0.	Mitsukoshi	TORONTO 20000 Germa A 17 1612 1612 1612 1613 1613 1613 1613 1613	2 18512 Intered Class \$13\cdot 2 13\cdot 13\cdot 2 14\cdot 3 13\cdot 3 13\cd
	Vertscher Mag 11,075 _5	BHF-Bank	540 +3 Norcen	Data	Kia Ora Gold; 0,9 +0. Kidston Gold 7,4 Land Lease 10.6	1,590 ; +70 ; +70 ; +70 ; +70 ; +70 ; +70 ; +70 ; +70 ; +60 ; -60 ; -100	Closing prices January 5 100 Centri Tr St1 21 21 21 1707 Chiefter St3 8 55 8 55 1707 Chiefter St3 8 55 19 19 19 1700 Aberford 400 370 375 -40 3140 Common 5134 134 134 134 134 134 134 134 134 134	2000 Imbr Pipe \$40% 40% 40% +14 13338 Redpath \$28 27 274 +34
٠	BELGIUM/LUXEMBOURG	or Daimier-Benz 1.	220xy +6 }	forregand 874,5° -0.5 rand 290	Marie Nickiesta 4 Naz. Aust. Banka 5,8 +0, News	Nippon Express, 1,260 -40 Nippon Galdt -1,590 +30 Nippon Kagalda 651 +152 Nippon Kagalda 245 -2 Nippon Oil 1,360 +30 Nippon Oil 1,360 Nippon Oil 1,360 Nippon Oil 1,360 Nippon Oil 1,360 Nippon Oil	14000 Abibbl Pr \$255g 281g 265g + 1g 17751 Computing \$55g 51g 51g - 100 Acidande \$171g 171g 171g + 1g 30074 Comput in 320 300 515 -	15 6539 Jennock 531 304 31 +1 122375 Rogers 8 \$184 18 184 +4
	B.B.L. 3,175 —7 Bang, Gen. Line. 16,000 —	5 Deutsche Bank. 6 Dreadner Bank. 4	207.5 +6.5 ISPAIN	· Price +or	Noranda (P.P/pd) 1.8	Nippon Selko	41402 Albrin En S146 145 -14 1800 CDisto 8 555 55 55 12 12 12 12 12 12 12 12 12 12 12 12 12	1 18273 Labett \$241, 237, 247, +1, 82714 Royal Bak \$321, 52 327, +1, 48685 LL (sec \$301, 267, 291, +21, 14588 Ry7rco A \$281, 257, 251, 257,
E _L	Ciment CBR 3,950 -6	Hochtief	998.5 -0.5 Bco Bill 970 Bco Gel	ntrai 1,000 +30	Pacific Dunion 4.02 +0. Pancontinentsi 8.75 +0.	Nippon Sulsan 464 -1	1900 Algores St 2111, 17 111, +1, 225 CTL Bank, \$183, 15 161, 4 22500 Assenters \$109, 107, 107, 1000 Commet S \$103, 107, 107, 100, 203, 4 203,	14 100 Largana 251, 314 514 115 150505 10762 410 555 410 174 114 114 114 114 114 114 114 114 114
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Qei	Gevaert		175 +2 Hidrola 53.5 -0.3 Iberdue 715 +3 Petrole 184 +2 Telefon	169,2 +5,2	Tooth	Ricoh	33150	\(\begin{array}{cccccccccccccccccccccccccccccccccccc
1;	Pan Hidga 10,900 +1	00 MAN	715 +3 Petrole 1667 -2,5 170.8 +0.3 190.1 SWED		Western Mining. 5.74 + +0.	Sekisul House 1,730	1908 Bramales \$22% 22½ 22½ 47000 Dome Mine \$10½ 10% 10½ 50857 Brascar A \$27% 27% +% 289150 Dome Peix 123 86 122 4	8000 Mind Ret 300 353 300 +15 16400 Spar Astro \$23 22 23 +1
13.	Royale Beige 29,408 4 Soc. Gen. Beige 3,335 4 Sofina	O Nixtorf	755 -4 Jan 1995 -35	Price + or Kronor -	Wormaid Inti 4,25 +0.	Shimzi Gonton 1,080 -40 Shimzi Gonton 784 +24 Shienogi 1,790 -20 Shiseldo 2,020 +10	198717 BC ForP \$15% 14% 15% +3% 225 Donohim \$20 29 20 4 20115 BC Res 106 106 106 225 Du Poor A \$39 56 39	
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روسا د	DENMARK	Veba	735 . +3,5 Atlas Co 128,5 +0,5 BeijerA 1599 +4 Cardo (I 1503,8 +6,8 Cellulos	Freel 180	Bank East Agla 23.5 +0.1	Stomo Chem	94886 GAE \$16 ¹ 5 10 ¹ 6 10 ¹ 6 + ¹ 4 8500 Enco \$16 15 ⁵ 6 16 + ¹ 5 500 CIL 8 1 814 14 14 3500 Enco \$15 ⁵ 0 15 15 16 1 5 10 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	250 Mile LDA 1 310 Mile 10 + 16 1574 Torster B 1 5252 251 251 251 151 151 151 151 151
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٠	D. Sukkerfab 356 -9 Danska Bank 509 -1 East Asiario 160 -1	ITALY	Pharma Saab Sc Sandvik	ania Free: 715	Hang Seng Banic 41.75 +0.1 Handerson Land. 4.55 +0.0 HK China Gas	K 770 1 140	15300 C Nor West \$14% 14 14 -1 100 GBritar 8814 814 814 1450 C Pacing 317 1634 1614 -1 20780 Geldenen 1 5734 75 75	7518 Nu West 47 47 47 47 48 100150 Bank Mont \$3351 201 3054 19 100150 Number 48 48 49 48 4 5539 Bank Mont \$351 201 3054 19 48
÷.	LS.S.B	Rango Comile . 9	Skan Er	micida 187 + 5 357 + 8 copparing 325 andidebk 425 m Match 460 + 8	HK Land	Tokyo Gas	1450 C Pattors 317 1834 184 - 4 28789 Goldstep 1 574, 75, 75, 1300. Gan Trust \$525, 515, 52 - 1 1300. Gan Trust \$525, 515, 52 - 1 2500 Goldstep 1 574, 75, 75, 75, 75, 75, 75, 75, 75, 75, 75	4 200 Centred A f 91 91 91 11 11 11 11 11 11 11 11 11 11
	Novo inda ************************************	Bastogi-IRBS Contrale C.LR Credito Italiano	7,050 +40 VONO B	Match. 460 1 +2	New World Dev. 9.25	Toppan Print	1 8040 G UCDBANE \$244 24 244 419 250 Hawker \$255 265 265 4	. 2000 Parintr 5126 125 126 156 156 156 156 156 156 156 156 156 156 156 156
Ċ	FINLAND	General Assicur, 15	988 S C S I	Price + or	SHK Props	Toyo Selkan	3101 GUNIA 310 10/4 10/4 225 HEAVIN 1 1251 510 151 4	12767 Register 5151, 15 151, -1, 8158 Provigo 5170, 171, 171, -1,
les .	Jan. B Price + C	Montedison	2,910 +30 2,700 +200 7,000 +371 Adia Int	9,050 +200	Winsor Inda 9.1 World Int. Hidge. 3,87; +0.1	►! Y'manouchiPhm 4.120 —80	500 Capeto A \$17 17 15 1545 Husky OH \$114 115 115 100 Capeto A \$17 17 17 + 15 16467 Images \$3314 254 354 554 4625 Care \$114 100 114 + 15 46200 Imag OH A \$405 501 501 501 501 501 501 501 501 501 5	51471 Please D 5314 304 314 +4 10100 Rollands 523 25 25
(S	KOP	Snie BPD.	4,850 +95 2,880 +320 do. (Pa	Boveri 1,890 +55 elgy 3,675 +25 art Certs) 2,575 +25	Jam. 5 Price + or		19850 Card A 1 \$10½ 10½ 10½ 10½ 10½ 10½ 10½ 10½ 10½ 10½	1060 Provigo S17% 17½ 17½ -18 Total Sales 5.122,855 shares
	Pohjola "B" 75.10 +0 Rauma Repola 19 Stockmann "B" 137.50 UBF "C" 28.550 Wartella (\$11) 156.8	FRANCE	Credit S Elektron Flacher	Watt 3,590 +40 (Geol 1,690 +60 che PtCts 112,500	Yen	SINGAPORE -	NEW YORK-DW JOES	dices
	Wartella (811) 156.6	-70 Jan. 5 P					I PRESENT TEATERS, NOW YORK	
	NETHERLANDS	Emprunt 44%1975. 1.1	614 -4 Jeimoli	Suchard. 9,100 +75	Asahi Ghen	Boustand Hidgs. 1.25 -0.02 Gold Storage 3.68	1985/86 Siece Carallei	-
		Emprunt 44 1975, 1, 1 Emprunt 7 1976, 8, 1 Accor Air Liquide	614 -4 Jemoli Landia 650 -20 Heatle Heatle - Oer-Sue Pirel II - Pi	\$uchard. 9,100 +75 4.075 +85 2 Gyr 1,250 +50 9,925 +50 hrie 1,390 +60 460 +10	Asahi Grem 1,420 -30 Asahi Glass 1,420 -30 Benk Tokyo 1,040 i +88 Bridgestone 710 -17 Brother Inds 350 +15 Canon 1,010 -30	Southard Hidgs 1.25 -0.92	Jun Jun Diet Diet Diet Diet Diet Diet Sieca Compilerie S 2 31 30 28 26 High Law High Low High	AUSTRALIA 1502.2 1488.2 1472.1 1470.2 1568.2 (5/1.67) 1688.2 (7/1.68)
	ADF Holding	Emprunt 41 1972, 1, 1 Emprunt 7% 1876, 8, 2 Accor Air Liquide	614 -4 Jerobi 680 -80 Hestle 682 +2 Pirel III 705 +39 Sandor	\$uchard. 9,100 +75 4.075 +85 2 Gyr 1,250 +50 9,925 +50 hrie 1,390 +60 460 +10	Asahi Grem 1,420 -30 Asahi Glass 1,420 -30 Benk Tokyo 1,040 i +88 Bridgestone 710 -17 Brother Inds 860 +18 Canon 1,010 -30	Boustand Hidgs. 1.25 -0.02 Gold Storage 3.68 DBS 9.06 Geuting 6.15 -0.05 Haw Par Bros 2.84 - 0.05 Hong Long Fin. 9.77 -0.83 Indingaps End 2.72 -0.05 Keenel Corp 2.74 -0.05	June June Diec Diec Diec Diec 1985/98 Siece Compilation 5 2 31 30 28 28 High Low High Low	5 2 31 50 High Low AUSTRALIA AU Ord. (1/1/80) 1502.2 1488.8 1475.1 1470.8 1802.2 (5/1/67) 1618.2 (2/1/68) Mathia & Minia. (1/1/80) 1888.5 728.1 714.8 714.5 726.5 (5/1/67) 461.1 (26/1) AUSTRIA Croditible Aktien (60/12/64 228.55 230.69 (c) 231.99; 288.84 (23/4) 228.86 (6.5)
	NETHERLANDS Jan. 5 Price + Fis + Fis + ACF Holding	Emprunt 421875 1, 1 Emprunt 72 1875 6, According	18cobs Jelmoil Jelmoil Jelmoil Jelmoil Landis & Meetle. 705 + 39 350 -40 Sandoz 350 + 50 Sandoz Sandoz Sandos Sa	Suchard. 9,100 +75 2 Gyr. 1,350, +50 3,925 +50 450 +10 (Er) 1,000 +10 (Fr Cr) 1,760 +10 ar(Pt Cr) 1,700 +30 ar(Pt Cr) 1,700 +30 ar(Pt Cr) 1,700 +30	Asahi Chem 319 + 119 Asahi Giasa 1,480 - 30 Bank Tokyo 1,040 +92 Bridgastone - 710 - 17 Brother Inde 860 +15 Canon - 1,010 - 30 Casio Comp 1,400 -30 Chiugai Pharm 1,540 - 30 Dailei - 1,280 + 10 Dai-lohi Kan Bk. 1,950 + 70 Dai-lohi Kan Bk. 1,950 - 90 Dai Nippon Ink. 515 + 58 Dai Nippon Ptm 1,890 - 90 Daiwa Nigasa - 1,890 - 90	Boustand Hidge 1.85 -0.02 5.65	Jam Jam Diec Diec Thec Diec High Law High Low	AUSTRALIA AI Ord. (1/1/8) Matala & Mnis. (1/1
	NETHERLANDS Jan. 5 Price + Fis ACF Holding	Emprunt 4%1975 1, 1 Emprunt 7% 1975 6, Accor Air Liquide	Jacobs J	Suchard. 9,100 +75 2 Gyr. 1,350, +50 3,925 +50 450 +10 (Er) 1,000 +10 (Fr Cr) 1,760 +10 ar(Pt Cr) 1,700 +30 ar(Pt Cr) 1,700 +30 ar(Pt Cr) 1,700 +30	Asahi Green 1,400 - 30 Asahi Giasa 1,400 - 30 Bank Tokyo 1,040 +92 Bridgestone 710 - 11 Brother Inda 860 +15 Canen 1,010 - 30 Casic Comp 1,400 -90 Chuşai Pharm 1,540 - 30 Dai-lehi Kan Bk. 1,850 + 70 Dai-lehi Kan Bk. 1,850 + 70 Dai-lehi Kan Bk. 1,850 + 70 Dai-lehi Ran Bk. 1,850 - 70 Dai-lehi Ran Bk. 1,950 - 90 Dai-lehi Ran Bk. 1,950 - 90 Dai-lehi Ran Bk. 1,950 - 90 Dai-lehi Ran Bk. 1,950 - 50 Elisai 2,950 - 50 Fante 9,000 - 50	Boustand Hidge 1.85 -0.02	Jam Jam Disc Disc Disc Disc High Law High Low High	AUSTRALIA AU Ord. (1/1/8) 1582.2 1486.8 1472.1 1470.4 1882.2 (5/1/87) 1882.2 (2/1/88) Matala & Minia. (1/1/89) 1582.5 728.1 714.8 714.8 718.6 (5/1/87) 481.1 (26/1) AUSTRIA Creditble Aktien (80/12/84 228.85 230.86 (c) 221.96; 286.84 (224) 228.86 (6.5) BELGIUM Brusseis SE (1/1/64) 5888.25 4058.15 (c) 4886.81 4151.86 (8/12) 2766.81 (18/1) DENMARK Copenhagen SE(5/1/85/); (u) — (c) (u) 250.78 (78/4) 188.28 (17/1) FINLAND
	ACF Holding 64.5 + 1 ACG Holding 64.5 + 1 ACGON 90.2 + 1 ANOID 112 - 2 AKZO 159.1 + 1 ASM 58.5 + 0 Brodero Gert 90.5 + 0 Buchrmann Tet, 91	Emprunt 421875 1. Emprunt 72 1875 0. Accor 1. Liquide	1 Jacobs 1 J	Suchard. 9,100 +75 £ Gyr. 1,850. +50 thrie 1,390. +60 (Er. 11,000	Asahi Green 1,400 - 30 Asahi Giasa 1,400 - 30 Bank Tokyo 1,040 +92 Bridgestone 710 - 11 Brother Inda 860 +15 Canen 1,010 - 30 Casic Comp 1,400 -90 Chuşai Pharm 1,540 - 30 Dai-lehi Kan Bk. 1,850 + 70 Dai-lehi Kan Bk. 1,850 + 70 Dai-lehi Kan Bk. 1,850 + 70 Dai-lehi Ran Bk. 1,850 - 70 Dai-lehi Ran Bk. 1,950 - 90 Dai-lehi Ran Bk. 1,950 - 90 Dai-lehi Ran Bk. 1,950 - 90 Dai-lehi Ran Bk. 1,950 - 50 Elisai 2,950 - 50 Fante 9,000 - 50	Boustand Hidge 1.25 -0.02	June June Size Disc Disc Disc Disc High Low High Hi	AUSTRALIA AII Ord. (1/1/82) Matala & Mnis. (1/1/82) Ma
	ACF Holding 64.5 + 1 ACG Holding 90.2 + 1 ACGON 112 - 2 AKZQ 159.1 + 1 ASM 58.5 + 1 ASM 75.4 + 0 AMRO 58.9 + 0 Brodero Cart 59.5 - 0 Bos Kalis Westm 57 Calland Holdings Dordtsche Pet m Elsewia- NDU 254 + 2 Fokker 57.2 + 0 Gist Brocadea 44.6 + 1 Hainsken 176.5 - 176.5 - 176.5	Emprunt 421875 1. Emprunt 72 1875 0. Accordance 12 1800 1810 1810 1810 1810 1810 1810 1	Jacobs J	Suchard. 9,100 +75 £ Gyr. 1,850. +50 hrie 9,925 +50 hrie 1,390. +60 (Br. 11,000 (Pr.Cts) 1,760 +10 arcs A 8,900 +30 1,200 +55 ank. 5772 +10 horish. 2,675 +15 sank. 6,100. +200 hur inh. 7,500 -50 ks. 8,775, -85	Asahi Green	Boustand Hidgs 1.85 -0.02 Gold Storage 2.06	Sec.	AUSTRALIA AU Ord. (1/1/82) AUSTRALIA AU Ord. (1/1/82) Motala & Minia. (1/1/82) Motala & Minia
	NETHERLANDS Jan. 5	Emprunt 421875 1. Emprunt 72 1875 0. Accordance 12 1800 1810 1810 1810 1810 1810 1810 1	Jacobs J	Suchard. 9,100 +75 £ Gyr. 1,850. +50 hrie 9,925 +50 hrie 1,390. +60 (Br. 11,000 (Pr.Cts) 1,760 +10 arcs A 8,900 +30 1,200 +55 ank. 5772 +10 horish. 2,675 +15 sank. 6,100. +200 hur inh. 7,500 -50 ks. 8,775, -85	Asahi Green	Boustand Hidgs	Sec.	AUSTRALIA AII Ord. (1/1/82) Matala & Mnis. (1/1/82) Ma
	NETHERLANDS Jan. 5	Emprunt 4x1878 1.1 Emprunt 7x 1875 0. Accord	Jacobs J	Suchard. 9,100 +75 2 Gyr. 1,850, +50 1,850, +50 1,850, +50 1,850, +60 1,390, +60 1,390, +60 1,1000, +10 1,700 1,200, +50	Asani Green	Boustand Hidge 1.25 -0.06	Sum Sum Sum Due Due Due Due High Low Low Low Low Low High Low High Low High Low L	AUSTRALIA AII Ord. (1/1/82) Matala & Mnis. (1/1/82) Ma
	NETHERLANDS Jan. 5	Emprunt 4/1878 1. Emprunt 7/2 1875 0. Accord Ar Liquide	Jacoba J	Suchard. 9,100 +75 £ Gyr. 1,850, +50 1,850, +50 shrie 1,390, +60 (Er. 1,1000 +10 450 +10 (Er. 1,1000 +10 ance A. 9,905 +10 ance A. 9,900 +50 1,200 +55 ank. 572, +10 binace. 19,500 +600 binace. 19,500 +600 binace. 19,500 +600 binace. 19,500 +50 ank. 6,100 +100 binace. 19,500 +600 binace. 19,500 +003 binac	Asani Green	Boustand Hidge 1.25 -0.02	Sec Dec	AUSTRALIA AII Ord. (1/1/82) Matala & Mnis. (1/1/82) Ma
	NETHERLANDS Jan. 5	Emprunt 4%1878 1.1 Emprunt 7% 1875 0.1 Accor Air Liquide	Jacoba J	Suchard. 9,100 +75 2 Gyr. 1,850, +50 1,850, +50 1,850, +50 1,850, +60 1,390, +60 1,390, +60 1,1000 +10 1,700 +10 1,700 +10 1,700 +10 1,700 +10 1,700 +50 1,2	Asani Chem 319 119 Asani Gias 1,400 +92 Asani Gias 1,400 +92 Bank Tokyo 1,040 +92 Bridgestone 710 -15 Cango 1,010 -30 Cango 1,010 -30 Cango 1,200 -30 Cango 1,200 -30 Chugai Pharm 1,540 -30 Chugai Pharm 1,540 -30 Chugai Pharm 1,540 -30 Dal-iohi Kan Bk. 1,950 +10 Dal-iohi Kan Bk. 1,950 -90 Dal-iohi Kan Bk. 1,950 -10 Elsai 2,230 -50 Fanuc 5,230 -50 Full Bank 2,010 -50 Full Bank 1,050 -40 Full Bank 1,050 -40 Full Bank 1,050 -40 Full Bank 1,050 -50 Hitachi Gradit 1,550 -30 Hitachi Gradit 1,550 -30 Honda 1,340 -18 Honda 1,340 -18 Indi. Bk. Japan 3,560 -50 Indi. Bk. Japan 3,560 -50 Indi. Bk. Japan 3,560 -50 Jakeo 1,400 -18 Kan Corp 1,760 -10 Kawazaki Steel 158 -5 Kanatsai 1,560 +30 Kantatsai 1,560 +30 Kantatsai 1,560 +30 Kantatsai 1,560 -5 Kantatsai 1,560 -5	Boustand Hidge 1.85 -0.06 Gold Storage 2.06 2.	Sum Sum Sum Date Date Date Date High Low High Lo	AUSTRALIA AII Ord. (1/1/82) Matala & Mnis. (1/1/82) Ma
	ACF Holding	Emprunt 421878 1.1 Emprunt 72 1875 0.1 Accor Ar Liquide	Jacoba J	Suchard. 9,100 +75 £ Gyr. 1,850, +50 hrie 1,390, +60 (Sr. 1,1000 +10 1,390, +60 (Sr. 1,1000 +10 1,700 ance A. 2,760 +10 ance A. 2,900 +50 1,200 +55 ank. 572, +10 belasce. 19,500 +600 bur inh 7,500 -50 burs 6,100 +200 burs 6,100 +200 burs 6,775, -25 PALIA Price + or Aust. 8 - 4.06 2,775, -25 PALIA Price + or Aust. 8 - 4.06 2,775, -25 PALIA Price + or Aust. 8 - 4.06 2,775, -25 PALIA Price + or Aust. 8 - 4.06 3,15 4,10 4,06 4,06 5,77 4,06 4,06 5,77 5,06 5,77 6,06 5,77 6,06 5,77 6,06 6,07 6,07	Asami Green	Boustand Hidge 1.25 -0.06	Sec. Dec.	AUSTRALIA AII Ord. (1/1/88) Matala & Mnis. (1/1/88) Ma
	NETHERLANDS Jan. 5	Emprunt 421878 1.1 Emprunt 72 1875 0.1 Accor Ar Liquide	Jacoba J	Suchard. 9,100 +75 £ Gyr. 1,850, +50 hrie 1,390, +60 Sr. 1,350, +60 Er. 1,390, +60 Er. 1,000 +10 Er. 1,000 +10 ance A. 9,905 +10 ance A. 9,905 +50 ank. 6,100, +00 foliable. 2,675 +15 ank. 6,100, +200 hur inh 7,500 -50 ks. 773, -25 VALIA Prics + or Aust. 8	Asani Green	Boustand Hidge	See	AUSTRALIA AII Ord. (1/1/82) Matala & Mnis. (1/1/84) Ma
	AGF Holding	Emprunt 4x1972 1.1 Emprunt 7x 1975 0.1 Accord 1 1975 0.1 Bongrain 2.1 Bongrain 2.1 Bongrain 3.1 Bongra	Jacobs J	Suchard. 9,100 +75 £ Gyr. 1,850, +50 hrie 1,390, +60 lare 1,390, +60 Str. 1,1000 +70 450 +10 11,000 +10 ance A. 2,900 +30 r. 1,200 +55 ank. 572 +10 beinsce. 19,800 +600 forabl. 2,675 +15 ank. 6,100 +200 hur inh 7,500 -50 hur inh 7,500 -50 hur inh 7,500 -50 kg. 773, -25 VALIA Prics + or Aust. 8	Asami Green	Boustand Hidge	Sum	AUSTRALIA AII Ord. (1/1/82) Matala & Mnis. (1/1/82) Ma
	ACF Holding	Emprunt 4x1972 1.1 Emprunt 7x 1975 0.1 Accord 1 1975 0.1 Bongrain 2.1 Bongrain 2.1 Bongrain 3.1 Bongra	Jacobs J	Suchard. 9,100 +75 £ Gyr. 1,850, +50 hrie 1,390, +60 lare 1,390, +60 Str. 1,1000 +70 450 +10 11,000 +10 ance A. 2,900 +30 r. 1,200 +55 ank. 572 +10 beinsce. 19,800 +600 forabl. 2,675 +15 ank. 6,100 +200 hur inh 7,500 -50 hur inh 7,500 -50 hur inh 7,500 -50 kg. 773, -25 VALIA Prics + or Aust. 8	Asani Green	Boustand Hidge 1.25 -0.06	Sum Sum Sum Date Date Date Date Sum	AUSTRALIA All Ord, (1/1/88) Metals & Mnis, (1/1/84) Delia Cord, (1/1/84) Metals & Mnis, (1/1/84) Metal
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Kidder, Peabody Securities

Market Makers in Euro-Securities

New York . London . Paris . Geneva . Zurich . Hong Kong . Tokyo

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sday January

FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Santa finally delivers the goods

INVESTORS continued their celebra-tion of the new year yesterday by pro-pelling Wall Street stock prices to record levels in heavy trading, writes Roderick

Encouragement was given by credit markets where bond prices rose about two-thirds of a point on light volume amid hopes of lower interest rates.

The Dow Jones Industrial set a record closing at 1,971.32. The gain of 44.01 points also broke the record for the biggest points rise in a day set in November, 1982. The broad market followed the lead of the blue chips with the S & P 500 jumping 5.74 points to 252.19 and the New York Stock Exchange composite in-

dex gaining 3.38 points to 144.39.
Volume accelerated to 181.85m shares with rising issues outpacing those declining by a margin of 10-to-one.
Among the blue chips, IBM was up \$1% to \$123%, AT & T was ahead \$% to \$123%, AT & T was ahead \$% to \$123%.

\$25%, General Electric advancing \$2% to \$90%, McDonald's rose \$2% to \$64% and Eastman Kodak gained \$2 to \$711/4.

The market's strong follow through from Friday's surge ensured a Santa Claus rally, an upturn which occurs at

240

Standard & Poors 500

the end of most years. On average the railies have brought gains of 1.84 per cent during the last five trading days of the old year and the first two of the new. In the last two sessions, the NYSE has gained about 4 points, more than compensating for losses over Christmas.

Some analysts cautioned, however, that robust share buying was partly a reaction to the heavy tax-related selling before year-end. Moreover, a lot of yesterday's upturn was attributed to buy programmes triggered when stock index futures rose to a large premium over the

underlying shares.

Toys "R" Us, a leading retailer, jumped \$2% to \$31% after reporting a 27 per cent rise in sales over the eight-week Christmas season. Adjusting for new stores, sales increased 12 per cent.

Retail stocks have slipped recently on investor concern that the late sales spurt was too little, too late to produce a good Christmas period. Yesterday brought some recovery in share prices with Sears, Roebuck rising \$1 to \$42, J. C. Penney gaining \$2% to \$75% and Wal-Mart advancing \$1% to \$47%.

Federated Department Stores was up

Bank stocks generally were strong yesterday as falling interest rates eased the debt service burden of their harder-present clients. J. P. Morgan rose \$3% to \$87%. Chase Manhattan was up \$1% to \$37%. Manufacturers Hanover advanced \$1% to \$47%. Citicorp rose \$1% to \$53%. Security Pacific added \$% to \$35% and First Chicago gained \$1% to \$30%.

The drugs sector performed well yes-terday with Merck gaining \$2% to \$128%.

FT-Ordinary Share ind

KEY MARKET MONITORS

SmithKline Beckman advancing \$% to \$97, Squibb up \$1% to \$117% and Pfizer ahead \$1% to \$63%.

Walt Disney gained \$2% to \$47% following favourable comments from a Merrill Lynch analyst. Mr Hal Vogel be-lieves that better attendance at the company's theme parks will lift first quarter

The atmosphere in the credit markets was bullish as the conviction increased that interest rates were heading down. Some favourable economic news was found in the Purchasing Managers' composite index even though its overall message of a pick up in prices was unwel-

The Administration's delivery of its fiscal 1987 budget to Congress had no impact on markets. The proposals will be heavily altered by congressional ac-tion so the final effect on the economy cannot be judged for some time.

Trading was light, particularly at the long end, and prompted in part by covering of short positions. The price of the 7.50 per cent benchmark Treasury long bond rose 11/1s of a point to 10111/12 at which it yielded 7.34 per cent.

Short term interest rates remained firm, however, partly because the Fed funds rate was still on the strong side. Although it has come down from extrem levels brought on last week by year-end financing operations of banks, it is likely to remain at the top end of the 6 per cent range for a while yet until the seasonal influences are fully worked out.

The Federal Reserve supplied liquidity with three-day system repurchases when the Fed funds rate stood at 61% per cent. It eased later to 6% per cent.

LONDON

Weak gilts undermine strong start

THE FIRST trading week of the New Year saw UK securities markets get off to an uncertain start, with gilts giving up some of last week's gains and equi-ties failing to follow Wall Street's adv-

The FT Ordinary index added 2.6 at 1,322.80, while the more broadly based FT-SE 100 index showed a loss of 1.1 at 1,680.0.

A confident statement by Mr Nigel Lawson, Chancellor of the Exchequer, on Britains's economic prospects met with a guarded response in the City of

London.

Equities opened firmly, helped by Wall Street's strength on Friday and Mr Lawson's reiteration of the Government's wish to cut tax rates. However, the weakness in gilts underminded this mood and prices began to drift lower in sluggish trading, although the mood did brighten briefly when Wall Street opened with another sharp rise.

With the pound lower in the face of opinion polls showing the Government's lead to have narrowed government bonds slipped lower. Long-dated issues ended about 1% lower in thin trading.

Oils made little response to the continued firmess in spot oil prices. Britoil held steady at 170p while British Petro-

leum added 2p at 726p. Banks turned downwards as some analvsts took a bearish stance on profits outlook. Barclays eased after its subsidiary Barclays de Zoete Wedd put out a "sell" recommendation on its parent and fell 10p to 505p, while recent issue TSB eased 1p to 78%p.

Chief price changes, Page 31; Details, Page 30; Share information service, Page

SINGAPORE

A LACK of buying orders combined with light selling to take Singapore lower in thin trading. The Straits Times industrial index dropped 6.84 to 882.24. Several issues showed fairly moderate losses as some wary investors liquidated their holdings although most operators continued to opt for the sidelines.

Apollo Hotel was the most active issue and closed 2 cents lower at 40 cents. DBS was steady at S\$9.05 while Malayan Banking lost 10 cents to S\$5.15. Genting fell 5 cents to S\$6.15.

Hotels, properties and commodities

A firm tone set despite mixed tempo

MOST EUROPEAN bourses began the first week of the new year on a firm note yesterday, in some cases encouraged by the rally on Wall Street and the dollar's recovery. Trading, however, remained quiet in a number of centres and the size of advances varied considerably.

Madrid reached yet another peak as the bourse general index advanced 4.94 from its record on Friday to 216.98. The strike by ground crew of the domestic airline Aviaco, which brought cancellations on the eve of today's Epiphany holiday, appeared to have little impact on the market

Strongest sectors were steels and con-structions, while utilities saw Iberduero up 5.2 to 169.2 per cent on nominal mar-

Telefonica gained 4.2 to 179.2 per cent, and among advancing banks Popular added 60 to 1,500 per cent and Central 30 to 1,000 per cent. Bilbao, however, was unchanged at 1,410 per cent.

Frankfurt finished steady to slightly higher on bargain-hunting following Friday's sharp losses. But the mood was fairly cautious in advance of the elections on January 24 and despite the lift from Wall Street, the firmer dollar and strong German bonds.

The Commerzbank index calculated at

midsession, gained 19.1 to 2,035.5 after a strong start to trading.

In the electrial rector, Siemens gained DM 3.50 to DM 735, well off its early high of DM 747.50. The company is buying out most of the operating assets of Telecom Plus of the US.

Most major stocks advanced on average by DM 1 or DM 2, but stores group Asko gained DM 26 to DM 1,985 and electrical PKI was DM 20 higher at DM

Among mainly higher cars, Daimler and BMW both gained DM 6 to 1,220 exrights and DM 567 respectively. VW, however, eased 50 pfg to DM 418.50. Bonds had an active session and

closed firmer on foreign and domestic demand. Long-dated maturities gained about 30 pfennig. The Bundesbank sold DM 96.8m worth of paper after selling DM 21.1m on Friday.

Amsterdam was mixed with a slightly higher hias but the rally that some had expected following Wall Street's strength on Friday failed to materialise. The firmer opening in New York was nonetheless a positive factor. Among firmer internationals, Royal

Dutch added FI 1.60 to FI 209.40, Philips 70 cents to Fl 44.40 and Unilever Fl 3 to Fl 524. However, KLM dropped in a largely technical correction to its sharp post-Christmas rise, losing FI 1 to FI

Retail chain Ahold lost FI 1.30 to FI 112. The company's turnover fell in 1986 but it expects profits for the year to be

Zurich saw investors returning to buy strongly after a long Christmas and New Year holiday. Share prices closed higher across the board in active trading, buoyed by speculation that Wall Street would rise further.

Jacobs-Suchard, which plans to raise its share capital, gained SFr 75 to SFr 9,100. Nestlé advanced strongly, with a SFr 150 rise to SFr 9,925.

Chemicals showed little change on the day, but among engineering stocks Brown Boveri made a SFr 55 gain to SFr

1.890. Paris also advanced in an active ses sion as bargain-hunting set in after Friday's fall and sentiment was boosted by New York's rally and prospects that the

Trading in Paribas' non-voting pre-ferred shares was suspended at Friday's close of FFR 864 a share in advance of the privatisation of the financial holding company later this month or early next. In the construction sector, Bouygues gained FFr 60 to FFr 1,245, while elec-tronics saw Matra up FFr 158 at

rail strike might soon be over.

Brussels was the exception in Europe, ending steady to lower in moderate and

fairly dull trading. Market leader Petrofina pushed shares prices down as it lost BFr 200 to BFr 9,210 over reports of possible action against American Petrofina. At the start of trading it fell as low as

Milan was higher but trading was still fairly thin. Strong banks included Commerciale, up L 400 at L 26,500, and Credito Italiano, which rose L 60 to L 3,610.

Montedison, which said 99.8 per cent of the new shares offered in its subsidiary Iniziativa Meta had been subscribed, added L 30 to L 2,910.

Stockholm rose across the board in a short session before today's holiday for Epiphany. The Veckans Affarer all-share index gained 4.7 to 909.7.

Oslo firmed on higher oil prices and new year optimism.

TOKYO

Support for financials provides lift

THE SHARP SURGE in the yen caused share prices to open the year lower in Tokyo yesterday, but they rallied to a higher close as securities house dealers actively bought financial issues, writes Shigeo Nishiwaki of Jiji Press.

Immediately after the opening, the Nikkei average of 225 select issues lost

56 points from the last session on December 27. But it recovered rapidly to finish the half-day session at 18,820.55,

Volume was sharply town from 255.07m shares traded on December 27, also a half-day session, to 207.52m shares. Advances outpaced declines by 436 to 331, with 179 issues unchanged.

The yen's advance and a possible rise in crude oil prices dampened the market sentiment and investors sold in small lots at the outset. Securities house dealers then actively purchased city and trust banks towards the close to prevent the market indicator from closing the year's first trading day lower. It ended last year with a fall for the first time in 12 years. The buying helped push up the average, but failed to brighten investor sentiment significantly.

Among city banks, Sumitomo Bank advanced Y140 to Y2,560, Mitsubishi Bank Y160 to Y2,010 and Fuji Bank Y150 to Y2,019. Bank of Tokyo scored a daily limit gain of Y105 to Y1,040, while Indus-izial Bank of Japan and Sumitomo Trust & Banking closed Y100 and Y80 higher respectively at Y2,580 and Y2,790.

Among brokerages, Nomura Securities was a notable advance, up Y140 at Y3,100.

Some constructions were also sought tive measures to boost domestic de mand. Kajima was up Y40 at Y1,500, Ohbayashi Corp Y38 at Y949 and Toa Harbor Works Y30 at Y660.

Dainippon Ink & Chemicals topped the active list with 22.21m shares changing hands, advancing Y51 to Y615, while Mitsubishi Metal gained Y42 to Y563 on the second heaviest trading of 11.78m shares. Market sources said investors sought these issues apparently to reap immediate capital gains as there were

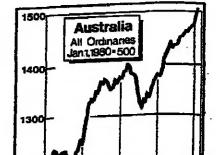
no special factors to encourage buying. Tokyo Electric Power, which opened easier, finished with a Y150 gain to Y8,050. Other utilities also rose, with Kansai Electric Power and Tokyo Gas adding Y40 each to Y3,940 and Y1,160.

On the other hand, the sharp appreciation of the yen triggered selling of blue chips. Issues expected to play a leading role in invigorating the market this year declined. NEC lost Y60 to Y2,000, Matsushita Electric Industrial Y50 to Y2,020 and Hitachi Y30 to Y1,080. Toyota Motor took a Y120 fall to Y2.080.

Biotechnologies were also cheaper on a wide front. Takeda Chemical dropped Y30 to Y2,610 and Dainippon Pharmaceutical also Y30 to Y3,310. Only Banyu

Pharmaceutical rose Y30 to Y1,190. Bond trading was lacklustre despite the yen's advance and the firm undertone of the US bond market. Institutional investors stayed on the sidelines and the only participants were bank and sec-

urities house dealers. The yield on the 5.1 per cent government bond maturing in June 1996 increased from 5.260 per cent on December 27 to 5.280 per cent.



AUSTRALIA

DEMAND for leading industrials, golds and resource issues sent Australia to a record, with most attention focussed on the media sector and the intervention of John Fairfax in the takeover battle for Herald and Weekly Times.

The All Ordinaries index ended 16.2 higher at 1,503, breaking the psychological 1,500 barrier for the first time. The Fairfax bid for HWT associate

Queensland Press reinforced pressure on Mr Rupert Murdoch to improve his offer for HWT and pushed both issues to records. Queensland gained A\$3.00 to close at A\$20.20, 20 cents above the Fairfax offer price.

HWT rose 20 cents to A\$13.80. Advertiser Newspapers, another HWT associate, gained 55 cents to A\$5.30. Mr Murdoch's News Corp put on 10 cents at A\$19.00, while Fairfax held steady at

Bell Group, owned by Mr Robert Holmes à Court who is also bidding for HWT, rose 26 cents to A\$9.66. Its subsidiary, J. N. Taylor, put on 40 cents at

Elsewhere in industrials, Brambles gained 20 cents to A\$8.10, Bond Corp rained 9 cents to A\$2.68. Elders IXL rose 8 cents to AS4.58.

Among banks, National Australia made the strongest gain, adding 8 cents to A\$5.80. ANZ dropped 4 cents to A\$5.70, as did Westpac, to A\$4.88.

HONG KONG

HEAVY DEMAND from local investors pushed Hong Kong higher and the Hang Seng index gained 12.34 to 2,552.40. Brokers said much of the day's demand to-cussed on newly-listed Bond Corp Inter-national, a subsidiary of Bond Corp of Australia, and the issue closed at the day's high of HK\$2.525, more than double its launch price of HK\$1.18. Bond Corp International's assets com-

prise mainly Hong Kong apartments bought by Bond Corp in October for HK\$1.4bn and transferred to its subsid-

China Light held steady at HK\$20.99 HK Land by 25 cents to HK\$7.00 and Jardine Matheson gained 20 cents to HK\$22.30. HK Electric advanced 10 cents to HK\$12.90 and Sung Hung Kai

SOUTH AFRICA

A FIRMER bullion price took golds higher in Johannesburg although trading was moderate in the absence of sell-

Vaal Reefs closed R20 higher at R397 - the issue traditionally indicates the market trend - while Harties rose R1.25 Among industrials Barlows picked up R1 to R20.50 while Rembrandt held

steady at R80.5. Chemicals group AE & CI at R14.50 was also unchanged CNA Gallo added 10 cents to R2.90 and South African breweries was steady at

Diamond share De Beers gained 10 cents to R35.75.

CANADA

RALLIES IN golds, industrials and minings led Toronto upwards. Canadian Pacific gained C\$% to trade at C\$18% while Laidlaw held steady at C\$19%, as did Husky Oil at C\$11%.

Husky said its chairman Robert Blair had been named to the board of Hutchison Whampoa, a Hong Kong group that agreed to acquire, along with its Hong Kong Electric Holdings affiliate, a 43 per

cent stake in Husky.

Among mines Alcan Aluminium gained C\$1½ at C\$40½.

British Gas was C\$½ cheaper at C\$13.0 while Placer Development was

C\$% higher at C\$31%, Montreal was slightly higher.

Japanese trusts re-emerge as strong market players The boom in investment trust funds is

ing as influential institutional investors in Japan's stockmarkets as deregulation and falling interest rates have spurred buying of trust funds by individual and corporate investors, writes Shigeo Nishi-waki of Jiji Press. Trust funds had Y20,310bn (\$125bn) in

net assets at the end of last January and the total increased at a staggering pace to Y30,170bn at the end of November, the first time it exceeded Y30,000bn. By contrast, it took until the end of April 1983, fully 32 years after trust fund sales were reopened in 1951, for net assets to exceed Y10,000bn.

Of the Y9,860bn increase between January and November, equity funds accounted for Y7,150bn and bond funds, including medium-term government bond funds, for only Y2,590bn. Higher rates of return on equity fund investments ranging from 10 to 20 per cent per annum have lured a growing number of inves-

een elsewhere. The net assets of mutual funds in the US rose 52 per cent in the first 10 months of 1986 to \$381bn, while unit trust funds in Britain grew 43 per cent to £29.1bn (\$42bn).

In Japan's case, the thrust has come from the record low domestic interest rates and the elimination of the ceiling on "spot" funds, which are often estab-lished in time to take advantage of occasions such as the bonus season.

Trust funds are traditionally viewed as instruments for individual investors. But since the beginning of this year industrial corporations and financial institutions have moved into the market, sharply expanding the net assets of investment trusts.

A succession of large scale funds has been launched in response to the growing demand from corporate investors. Among them are a Y500bn fund for sale exclusively to financial institutions serving the agricultural sector and funds worth Y100bn to Y300bn for large-scale Sales of bond funds to corporations

thus amounted to Y1,400bn in the first 11 months of 1986 and those of equity funds to Y1,800bn, for a total of Y3,200bn.

The first boom in trust funds occurred in 1961 with their net assets climbing to Y1,400bn. The proportion of equities in trust funds was then a high 80-90 per cent and these equities accounted for as much as 10 per cent of the market capi-

The equities ratio in trust funds was so high that equity prices could easily surge when investment trusts bought equities, and vice versa. They thus faced a victous circle in 1965 and thereafter when the economy slumped.

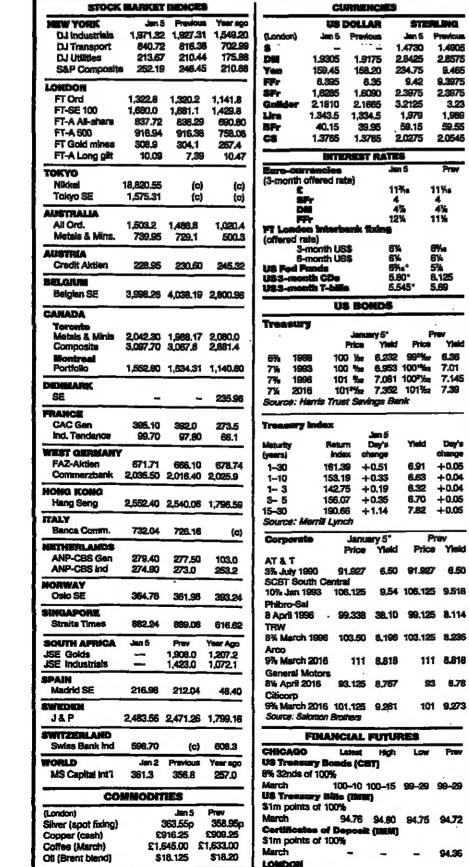
A fall in equity prices reduced the net asset value per share, leading to re-demptions prior to maturity. When investment trusts sold part of their equity holdings to meet these redemptions; equity prices could drop further, again low-

ering the net asset value per share and leading to more early redemption. In view of this bitter experience, the investment trusts are very cautious in managing trust funds in their second boom. Of the net assets of trust funds at the end of November, domestic equities made up Y5,800bn (19 per cent) of the to-tal, bonds Y16,000bn (53 per cent) and foreign securities Y3,800bn (13 per cent).

Equities and bonds held by investment trusts were no more than about 20 per cent each of the market totals. The Ministry of Finance eliminated

the ceiling on "spot" funds, but would be unhappy to see a fund worth Y300bn or more for fear or stiffer competition among investment trusts.

Following the heavy promotion of trust fund sales in December because of the bonus season, the net assets of investment trusts at the end of 1986 are expected to exceed Y32,000bn.



Three-month Eurodollar

20-year Notional Git

£50,000 32nds of 100%

93.99 94.01 93.97 93.96

113-20 114-20 113-16 115-03

\$1m points of 100%

March

March

GOLD (per ounce)

London

Zürich

Paris (fixing)

Luxembourc

New York (Feb)

\$399.25

\$398.70

\$399.38

Prev \$403.25

\$390.25

\$404.22

\$404.00